

CITY OF SLIDELL, LOUISIANA**COMPREHENSIVE ANNUAL
FINANCIAL REPORT****FOR THE YEAR ENDED
JUNE 30, 2012**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JAN 09 2013**Submitted by:****Department of Finance****SHARON HOWES, CPA
Director****ERICKSEN KRENTEL & LA PORTE L.L.P.****CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS**

4227 CANAL STREET
NEW ORLEANS, LOUISIANA 70119-5996
TELEPHONE (504) 486-7275 • FAX (504) 482-2516
WWW.ERICKSENKRENTEL.COM

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INTRODUCTORY SECTION



The City of Slidell

FINANCE DEPARTMENT
P.O. Box 828 • Slidell, Louisiana 70459
Telephone (985) 646-4316 • Fax (985) 646-4386
Email showes@cityofslidell.org

FREDDY DRENNAN
Mayor

SHARON HOWES, CPA
Director of Finance

November 29, 2012

To the Honorable Mayor Freddy Drennan, Members of the Slidell City Council and
Citizens of the City of Slidell:

State law requires that all governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that deadline, we hereby issue the comprehensive annual financial report of the City for the fiscal year ended June 30, 2012.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Ericksen Krentel & LaPorte L.L.P., a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2012 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2012 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of federal awards. These reports are included in the Single Audit Section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Slidell, the largest municipality in St. Tammany Parish, was founded in 1888. The City's system of government is established by its Home Rule Charter, which was adopted in 1978. The Louisiana Constitution prohibits the state legislature from enacting any law affecting the structure, organization, or distribution of the power and functions of any local subdivision that operates under a Home Rule Charter.

The City has a Mayor-Council form of government. The governing council is responsible, among other things, for passing ordinances and adopting the budget. The Mayor is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. Council members and the Mayor serve four-year terms and are limited to two consecutive terms. Seven of the council members are elected by district. The mayor and the two remaining council members are elected at large.

The City provides a full range of services including police protection; water and sewer services; airport facilities; the construction and maintenance of highways, streets, drainage and infrastructure; recreational activities and cultural events. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Fremaux Economic Development District is included as a blended component unit as part of the reporting entity. A more detailed discussion of reporting entity is included in Note 1 in the notes to the financial statements.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the Mayor on or before mid-January each year. The Mayor uses these requests as the starting point for developing a proposed budget. The Mayor then presents this proposed budget to the council for review by April 1. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 1. Operating budgets are prepared by fund and by department. Department heads may make transfers of appropriations within a department, as authorized by the Mayor. The transfer of appropriations between departments requires the approval of the governing council. The Mayor also recommends to the City Council a capital improvement program for the next five years and a capital budget by project for the first year of the program. The City Council is obligated to approve a capital budget program and adopts the capital budget concurrently with the annual operating budget. Transfers between capital project line

items require approval by the City Council. Unexpended capital appropriations carry over for a total of three years or until re-appropriated.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund Sales Tax Fund, Grants and Donations Fund, and Bond Improvement Fund, this comparison is presented on pages 54 - 58 as part of the basic financial statements for the governmental funds. For other governmental funds with an appropriated annual budget, this comparison is presented in the governmental fund subsection of this report, which is presented on pages 63 - 66.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Hurricane Katrina On August 29, 2005, Hurricane Katrina caused catastrophic water and wind damage to Slidell. Approximately 51% of the city's land mass was inundated with up to 5 feet of storm surge causing flooding to approximately 5,600 residences and 700 businesses. After a slow start, substantially all residential and commercial rebuilding is now complete. The City suffered extensive damage to its administrative buildings, equipment and infrastructure. Ten structures including city hall, the council chambers and the building that housed our jail and police administration were ruined by Katrina floodwaters. The jail, police administrative building, gymnasium, city hall and two administrative building have been repaired or rebuilt with the first 5 years. Construction on the building to house the last group of displaced employees working in trailers was completed in March, 2011. Construction was completed on the last two hurricane damaged buildings in the 2012 and both the senior citizen's building and the municipal auditorium opened their doors to the public again. Substantially all vehicles and machinery lost in the storm were replaced with local and FEMA funding in 2006. Work to clean out our drainage and sanitary systems is now complete. The demolition of blighted and abandoned properties is substantially complete but work in this area is ongoing. FEMA has awarded substantial funds for elevation of private homes in the city and work continues in this area. The removal of damaged and dangerous trees from public property and the repairs to major pump stations were completed in 2008. Work to repair the most visible damages to our street system infrastructure started in 2008 and was completed in 2010. FEMA assessment teams are still working with City officials to identify subsurface damages to the streets, sewer and water systems. Additional funding from FEMA is expected to address those damages. The impact of Hurricane Katrina continues to affect the City's 2012 financial statements.

Local economy Slidell (population: approximately 27,000) is located in the southeastern portion of St. Tammany Parish, about 20 miles north of New Orleans. The City is primarily a residential area that continues to benefit from commercial growth. Prior to Hurricane Katrina the five year averaged property tax growth rate was 7% per year. In 2006 the City's taxable assessed value decreased by \$20 million from \$171.5 million to \$151.4 million (11.7%) due to reassessment of storm damaged property. Due to rebuilding and recovery efforts, the 2007 and 2008 tax rolls reflected growth of 1% and 6%,

respectively. The assessed value for the 2009 tax rolls increased 29% from 2008 tax rolls as a result of the reassessment of all property that occurs every four years pursuant to state law. The assessed value for 2012 was \$212.6 million, a 0.2% decrease from 2011 and 24% higher than pre-Katrina values. Slidell's tax base is somewhat concentrated, with the 10 leading taxpayers representing about 13% of assessed value. The leading employers and taxpayers are in the health care, utility, financial and retail sectors.

Slidell, a suburb of New Orleans, is uniquely located at the intersection of 3 interstates – Interstate 10, 12 and 59. Slidell has traditionally served as a retail center for the unincorporated areas of southeastern St. Tammany Parish. However, recent commercial development in the surrounding communities has taken shoppers away from Slidell resulting in stagnant growth in sales tax revenue – the City's major revenue source. Slidell's unemployment rate is below state and national levels, and stood at 5.3% as of June 2012.

For over a decade, St. Tammany Parish has remained the fastest growing parish in the state as New Orleans continues to move north of Lake Pontchartrain. The 2000 Census data revealed that St. Tammany Parish grew at the fastest rate in the state, a 32% increase from 1990. St. Tammany Parish experienced strong residential growth after Hurricane Katrina when displaced victims from surrounding parishes and the Mississippi Gulf Coast relocated to sections of St. Tammany Parish that did not experience flooding. According to the University of New Orleans most recent Metropolitan Report (May 2012), St. Tammany Parish posted a 3.3% gain in employment over the year resulting in a net gain of nearly 2,500 jobs. Sectors with the most improvement included accommodation and food services, with 650 new jobs, followed by retail trade (550 jobs) and professional and technical services (300 jobs). Total earnings with the parish went up 5.3%, increasing from \$738 million to \$778 million over the year.

Long-term financial planning

Our major source of revenue, sales tax revenue, continues to remain stagnant due to the weak economy and increased competition from commercial development in the surrounding communities. The City intends to live within its means without asking for an increase in taxes. The City workforce was reduced in the 2010, 2011, 2012 and 2013 budgets. The administration is looking at ways to further streamline the delivery of services. Employee benefits are also being reduced to provide additional cost reductions. The number of take home vehicles was reduced, on-call pay was eliminated, retiree medical benefits were restructured to provide for greater contributions from future retirees and the percentage of city contributions to the retirement system for new hires was reduced. The City is also actively seeking to stimulate local economic development and to provide infrastructure improvements with federal and state grant funding.

In September 2010, the City received a \$6.7 million hazard mitigation grant award from FEMA for drainage improvements. An additional \$3.6 million was awarded in November 2012 due to anticipated budget overruns. Bar screens and automated rakes will be installed at the City Barn Pump Station and the Schneider Canal Pump Station at an estimated cost of \$9.8 million. These projects will be bid in 2013. The award also includes \$483 thousand to conduct surveys, geotechnical studies, and hydraulics and hydrology reports for proposed improvements at four storm drainage canals – City Barn, W-15 Lateral, Eastwood Storm Drain Line and Markham/Peachtree Drainage. The

purpose of these studies is to determine if the proper alternative to improve drainage in these canals has been identified in the City's \$8.5 million request to FEMA to fund the storm drainage improvements.

In October 2007, the Louisiana bond commission approved \$250 million in tax-exempt bonds for Slidell Development Co. LLC (SDC) to move forward with a \$900 million, 400-acre multi-use development situated near a new interchange off Interstate-10 in Slidell. The original project included 1,500 multi-family residential units, 1.1 million square feet of retail space and 1 million square feet of office space but has since been scaled down and was taken over by a new developer, Sterling Properties, in September 2012. The project is still expected to be built in multiple phases. The construction of phase one the spine roadway, utility infrastructure and the purchase of land for a service along Interstate-10 was completed in 2010 with a combination of federal, state, parish and private funding. In 2011 the service road along Interstate-10 was constructed with funding from the Federal stimulus package (American Recovery and Reinvestment Act, "ARRA"). Phase two of the spine roadway has been approved for federal funding and the City expects to receive bids in Fall 2013. The developer, Sterling Properties, is expected to break ground on the first phase of the retail center in late February to early March of 2013 with store openings scheduled in 2014. Phase One of the retail construction will consist of approximately 240,000 - 275,000 square feet in the main lineup with two restaurant outparcels being developed at the same time as the retail. An additional retail shop building outparcel will be approximately 21,000 square feet.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Slidell for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2011. This is the twenty seventh consecutive years the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that the current (CAFR) continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,


Sharon Howes, CPA
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Slidell
Louisiana**

**For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011**

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Danson

President

Gifford R. Egan

Executive Director

**CITY OF SLIDELL
PRINCIPLE ELECTED OFFICIALS
JUNE 31, 2012**

MAYOR

Freddy Drennan – Mayor

COUNCIL MEMBERS

L. Landon Cusimano – Councilman-at-Large

Kim Baronet Harbison – Councilwoman-at-Large

Lionel Hicks – District A

Sam Abney – District B

Buddy Lloyd – District C

Joe Fraught – District D

Sam Caruso – District E

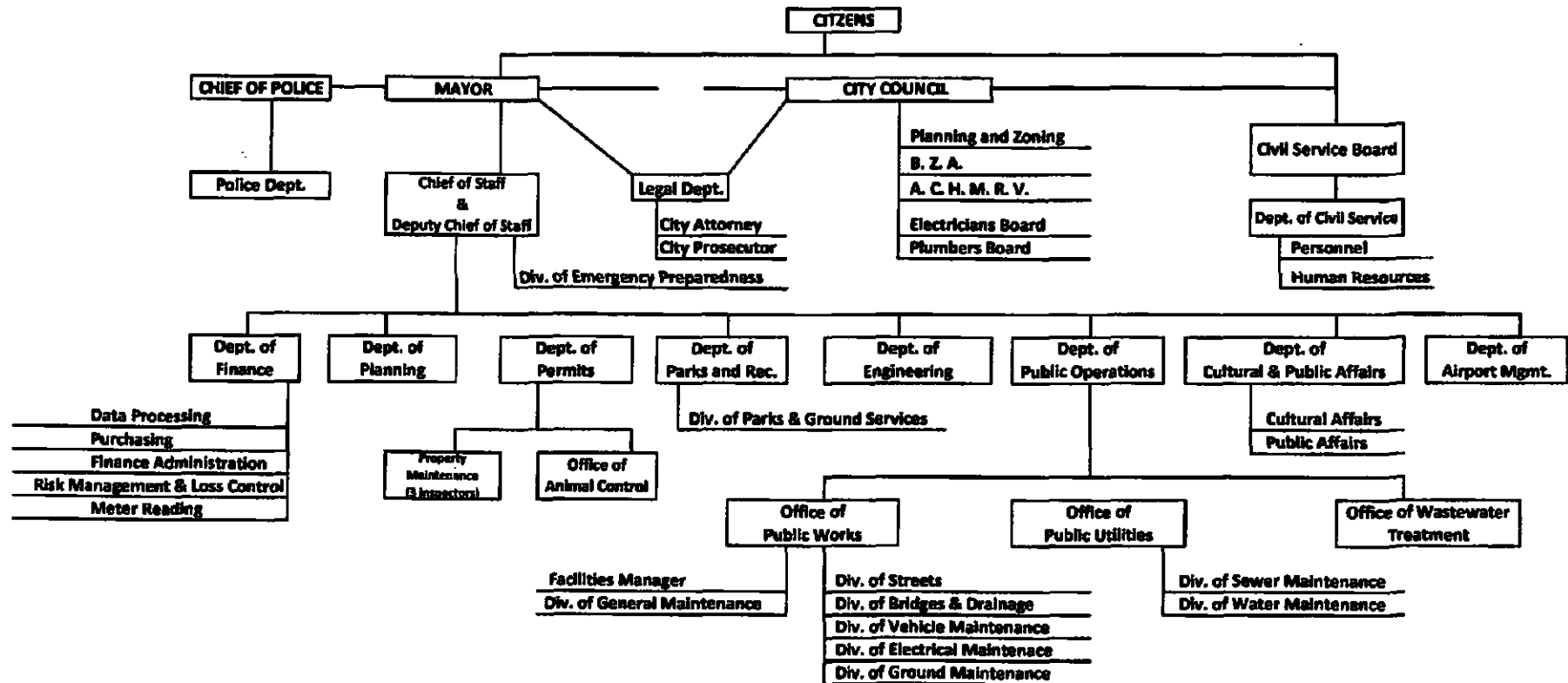
Jay Newcomb – District F

Bill Borchert – District G

CHIEF OF POLICE

Randy Smith – Chief of Police

ORGANIZATIONAL PLAN for the GOVERNMENT of the CITY of SLIDELL 2012



FINANCIAL SECTION

ERICKSEN KRENTEL & LA PORTE L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

4227 CANAL STREET
NEW ORLEANS, LOUISIANA 70119-5996
TELEPHONE (504) 486-7275
FAX (504) 482-2516

2895 HIGHWAY 190, SUITE 213
MANDEVILLE, LOUISIANA 70471
TELEPHONE (985) 727-0777
FAX (985) 727-6701

JAMES E. LA PORTE*
KEVIN M. NEYREY
RONALD H. DAWSON, JR.*
RICHARD G. MUELLER
CLAUDE M. SILVERMAN*
W. ERIC POWERS
DENNIS J. TIZZARD†
JAMES E. TONGLET†

*PROFESSIONAL CORPORATION
†LIMITED LIABILITY COMPANY
BENJAMIN J. ERICKSEN - DECEASED
J.V. LECLERE KRENTEL - DECEASED

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Slidell, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Slidell, Louisiana (the "City"), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2012 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

ERICKSEN KRENTEL & LA PORTE, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

To the Honorable Mayor and Members of the City Council
City of Slidell, Louisiana
November 29, 2012

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and schedule of funding progress for OPEB plan on pages 3 through 12 and 54 through 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor governmental funds and fiduciary fund financial statements, nonmajor fund budgetary comparison schedules, supporting schedules on pages 70 through 73, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor governmental funds and fiduciary fund financial statements, nonmajor fund budgetary comparison schedules, supporting schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

November 29, 2012

Ericksen Krentel & La Porte, LLP

Certified Public Accountants

REQUIRED SUPPLEMENTARY INFORMATION - PART I

CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Our discussion and analysis of the City of Slidell's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the transmittal letter on page IV and the City's financial statements, which begin on page 13.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 13 and 14) provide information about the activities of the City as a whole and present a long-term view of the City's finances.

Fund financial statements start on page 15. For governmental activities, these statements report how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as an agent for the benefit of those outside of the government.

The Statement of Net Assets and the Statement of Activities

Our analysis of the City as a whole begins on page 5. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's financial activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. As such, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. You can think of the City's net assets—the difference between assets and liabilities—as one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall financial health of the City.

In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities:

- **Governmental activities**—Most of the City's basic services are reported here, including the police, public works, and parks departments, and general administration. Sales and use taxes, property taxes, franchise fees, and state and federal grants finance most of these activities.
- **Business-type activities**—The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system and airport are reported here.

CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2012

Fund Financial Statements

Our analysis of the City's major funds begins on page 8. The fund financial statements begin on page 15 and provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City establishes other funds to help it control and manage money for particular purposes or to account for it to meet legal responsibilities for using certain taxes, grants, and other money. The City's two kinds of funds—governmental and proprietary—use different accounting approaches.

- Governmental funds—Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.
- Proprietary funds—When the City charges customers for the services it provides these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information such as cash flows, for proprietary funds.

Reporting the City's Fiduciary Responsibilities

The City also holds certain assets in a fiduciary capacity for individuals, organizations and others. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets on page 23. We exclude these assets from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 24 of this report.

CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2012

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary basis reporting for the General Fund, Sales Tax Fund, Grants and Donations Fund, and Bond Improvement Fund, and funding progress for OPEB plans. Required supplementary information can be found on pages 54 to 59 of this report.

The combining statements of non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 60 to 64 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$161.2 million at the close of fiscal year 2012 as compared to \$155.4 million at the close of fiscal year 2011.

Table 1
Net Assets
(In Thousands)

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u> <u>Government</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 38,496	\$ 41,942	\$ 8,573	\$ 8,920	\$ 47,069	\$50,862
Capital assets	<u>105,169</u>	<u>98,273</u>	<u>50,852</u>	<u>50,828</u>	<u>156,021</u>	<u>149,101</u>
Total assets	<u>143,665</u>	<u>140,215</u>	<u>59,425</u>	<u>59,748</u>	<u>203,090</u>	<u>199,963</u>
Long-term debt outstanding	28,048	28,835	7,540	7,953	35,588	36,788
Other liabilities	<u>5,695</u>	<u>7,514</u>	<u>601</u>	<u>293</u>	<u>6,296</u>	<u>7,807</u>
Total liabilities	<u>33,743</u>	<u>36,349</u>	<u>8,141</u>	<u>8,246</u>	<u>41,884</u>	<u>44,595</u>
Net assets						
Invested in capital assets, net of related debt	96,377	88,378	44,870	44,075	141,247	132,453
Restricted	2,269	4,447	1,021	1,031	3,290	5,478
Unrestricted	<u>11,276</u>	<u>11,041</u>	<u>5,393</u>	<u>6,397</u>	<u>16,669</u>	<u>17,438</u>
Total net assets	<u>\$109,922</u>	<u>\$103,866</u>	<u>\$ 51,284</u>	<u>\$ 51,503</u>	<u>\$161,206</u>	<u>\$155,369</u>

CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2012

Table 2
Changes in Net Assets
(In Thousands)

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u> <u>Government</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues						
Program revenues						
Charges for services	\$ 5,639	\$ 5,750	\$ 9,943	\$ 9,165	\$ 15,582	\$ 14,915
Operating grants	2,306	1,896	-	-	2,306	1,896
Capital grants	7,869	10,467	233	938	8,102	11,405
General revenues						
Sales tax	17,919	17,981	-	-	17,919	17,981
Property tax	3,866	3,991	1,670	1,804	5,536	5,795
Other tax	1,896	1,961	-	-	1,896	1,961
Other general revenue	<u>277</u>	<u>306</u>	<u>18</u>	<u>21</u>	<u>295</u>	<u>327</u>
Total revenues	<u>39,772</u>	<u>42,352</u>	<u>11,864</u>	<u>11,928</u>	<u>51,636</u>	<u>54,280</u>
Program expenses						
General government	9,283	9,304	-	-	9,283	9,304
Public works	11,429	11,528	-	-	11,429	11,528
Public safety	10,558	10,489	-	-	10,558	10,489
Recreation and culture	2,196	2,192	-	-	2,196	2,192
Judicial system	421	404	-	-	421	404
Interest on long term debt	710	838	-	-	710	838
Utilities	-	-	10,079	9,599	10,079	9,599
Airport	<u>-</u>	<u>-</u>	<u>1,121</u>	<u>695</u>	<u>1,121</u>	<u>695</u>
Total expenses	<u>34,597</u>	<u>34,755</u>	<u>11,200</u>	<u>10,294</u>	<u>45,797</u>	<u>45,049</u>
Excess before transfers	5,175	7,597	664	1,634	5,839	9,231
Transfers	<u>881</u>	<u>217</u>	<u>(881)</u>	<u>(217)</u>	<u>-</u>	<u>-</u>
Increase in net assets	<u>\$ 6,056</u>	<u>\$7,814</u>	<u>\$ (217)</u>	<u>\$ 1,417</u>	<u>\$5,839</u>	<u>\$9,231</u>

By far the largest portion of the City's net assets (88 percent) reflects its investment in capital assets (e.g. infrastructure, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Slidell uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Slidell's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Slidell's net assets (2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (10 percent) may be used to meet the government's general ongoing obligations to citizens and creditors.

CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2012

At the end of the current fiscal year, the City of Slidell is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The City's net assets increased \$5,838,000 during the current fiscal year.

Governmental Activities

Governmental activities increased the City's net assets by \$6,056,000.

Total revenue (\$39.8 million in 2012) related to governmental activity decreased by \$2.6 million or 6% in 2012 as compared to 2011. Revenue from capital grants and contributions decreased \$2.6 million - from \$10.5 million in 2011 to \$7.9 million in 2012. Most capital grant awards are non-recurring. Fluctuations from one year to the next are expected. Recurring revenue from sales tax collections (\$17.9 million in 2012) decreased by \$62,000 due to the slow economy. Recurring revenue from property tax (\$3.9 million in 2012) decreased by \$125,000 or 3% due to lower property tax rates in 2012 compared to 2011.

Total expenses for governmental activities decreased by \$158 thousand or less than 1% in 2012 compared to 2011. The rising cost of medical benefits and retirement contributions was offset by reductions in staffing in the 2012 budget.

Business-type Activities

Net assets in the business type activities of the City of Slidell decreased by \$217,000 in 2012.

Total revenue for business activities (\$11.9 million in 2012) decreased by \$64,000 or 1%. Charges for services increased by \$220,000 and \$558,000 for utility and airport operations, respectively. The increase in utility revenue is primarily due to the annual adjustment of utility rates which is tied to changes in the consumer price index. The increase in airport revenue is due to fuel sales. The City started purchasing and selling avgas and jet fuel in September 2011. Prior to that time, a fixed based operator performed this service and the City received a fixed rate of five cents per gallon of gasoline sold. Revenue from capital grant and contributions decreased \$705,000 in 2012 as compared to 2011. Since most capital grant awards received by the city are non-recurring, fluctuations from one year to the next are expected.

Total expenses for business activities (\$11.2 million in 2012) increased by \$906,000 or 9%. Expenses increased by \$480,000 (5%) and \$426,000 (61%) for utility and airport operations, respectively. The increase in utility activities is primarily due to an increase in recycling expenses and OPEB cost. The City provided recycling services for a twelve month period in 2012 compared to six month period in 2011. The increase in airport expenses is due to fuel purchases. The City started purchasing and selling avgas and jet fuel in September 2011.

CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2012

Transfers from the business activity funds to the governmental activity funds increased from \$623,000 in 2011 to \$1,110,000 in 2012. The Utility Fund transferred \$486,000 to the Debt Service Fund for the first annual payment due on the Community Disaster Loan that was used for post-Katrina Utility Fund operations.

Transfers from governmental activity funds to business activity funds decreased from \$374,000 in 2011 to \$197,000 in 2012. The transfer from the Sales Tax Fund to the Airport Fund funded operating and capital expenses in 2011. The transfer from the Sales Tax Fund to the Airport Fund only operating expenses in 2012.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$31,521,000, a decrease of \$1,128,000 in comparison with the prior year, \$32,649,000. Approximately 1% of this total amount, \$387,000, constitutes unassigned fund balance which is available for spending at the government's discretion. The remainder of fund balance is either non-spendable, restricted to indicate it is not available for new spending, committed or assigned for certain purposes.

Fund balance in the general fund increased by \$40,000 during the current fiscal year.

Total revenue (\$7,780,000 in 2012) decreased by \$269,000 or 3%. Revenue from property tax (\$1,953,000 in 2012) decreased by \$93,000 due to lower property tax rates in 2012. Franchise fee revenue (\$1,825,000 in 2012) decreased by \$78,000 as lower fuel costs were passed from utility companies to consumers. Revenue from licenses and permits (\$2,106,000 in 2012) increased by \$78,000 primarily due to an increase in building permits for new commercial development. Revenue from fines and forfeitures decreased \$85,000 (\$334,000 in 2012) due to lower fine collections by city court. Service fee revenue (\$390,000 in 2012) decreased \$133,000 primarily due to a decrease in police special detail revenue. One large retailer cancelled the contract for special detail services in 2012.

CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2012

Total expenditures (\$12,517,000 in 2012) decreased by \$277,000 or 2%. General government expenditures decreased \$215,000 primarily due to a decrease in payments for unused vacation and sick leave for terminating or retiring employees in the risk management division. Public works expenditures decreased \$164,000 due to reductions in staffing associated with cost cutting measures and vacancies in the building safety and planning department. Public safety expenditures in the police department increased \$76,000 primarily due to increases in retirement contributions, radio maintenance and part-time salaries offset by a decrease in special details.

In lieu of an administrative cost allocation, the sales tax fund and the utility fund usually transfer a portion of their revenue to the general fund each year. The transfer from the sales tax fund decreased \$204,000 in 2012 and the transfer from the utility fund increased \$1,000 in 2012.

Fund balance in the sales tax fund decreased \$1,018,000 in the current year.

Total revenues in the sales tax fund decreased \$79,000 (less than 1%) from the prior year. Flat growth in sales is attributed to the weak national and local economy.

Expenditures in the sales tax fund increased \$204,000 or 2% from 2011 to 2012. Capital expenditures increased \$232,000. Fluctuations in capital expenditures from one year to the next are common. Capital appropriations are for a minimum three year period because capital projects often require time for design and engineering before more cost intensive construction occurs. Operating expenditures decreased by \$28,000 less than 1%. Expenditures in public works and culture/recreation decreased \$128,000 and \$84,000, respectively due to staff reductions and other cost reduction measures. Decreases were offset by an increase in public safety expenditures (\$92,000) for operation of the corrections facility and an increase in general government expenditures (\$92,000) primarily due to the cost of insuring newly constructed government buildings.

The grants and donations fund accounts for various grants and donations that are not accounted for in other funds. Major projects funded by grants in 2012 include \$2,900,000 for construction of the Southwest Frontage Road adjacent to Interstate 10 and the new Summit Fremaux Development and \$867,000 for elevation of residential properties.

The City established the bond improvement fund in 2010 to account for the proceeds of the issuance of \$9,950,000 in general obligation bonds, series 2010. The proceeds are dedicated to streets, drainage and bridges. A total of \$1,718,000 and \$131,000 was spent in 2012 and 2011, respectively, on design and construction work for various street projects.

CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2012

General Fund Budgetary Highlights

The City Council revised the 2012 original adopted budget for the general fund two times. The first budget amendment added available fund balance of \$854,000, reduced the transfer from the sales tax fund by \$676,000 and increased operating expenditures by \$179,000 to fund a mid-year raise of 2.5%. The second budget amendment increased the transfer from the sales tax fund by \$37,000 and added \$37,000 to various operating budgets.

By budgetary policy, revenue estimates are prepared with a conservative bias. Overall, general fund revenue in 2012 experienced a positive variance of \$423,000 from the amount in the original and the final adopted budget. Revenue from licenses/permits, intergovernmental revenue and franchise fees had positive variances of \$136,000, \$78,000 and \$60,000, respectively.

Actual expenditures were \$256,000 less than the original adopted budget and \$471,000 less than the final adopted budget. Positive variances in expenditures are primarily due to lower than budgeted salary and benefit costs. Contributing factors include lower than budgeted salaries and retirement contributions due to vacancies and turnover, lower than budgeted vacation and sick leave payments, lower than budgeted police special detail costs due to the cancellation of a major retail contract for police special details and lower than budgeted overtime cost primarily due to the lack of storm events in 2012.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2012, the City had \$156.0 million invested in a broad range of capital assets, including police and public works equipment, buildings, park facilities, roads, drainage, bridges, airport facilities, wastewater treatment plant, water lines, and sewer lines (See Table 3). This amount represents a net increase (including additions and deductions) of \$6.9 million (5%) from last year.

Table 3
Capital Assets at Year-end
(Net of Depreciation, In Thousands)

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u> <u>Government</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$20,282	\$20,261	\$ 76	\$ 76	\$20,358	\$20,337
Building and building improvements	26,623	26,681	1,059	1,118	27,682	27,799
Land improvements	1,142	1,403	4,692	5,028	5,834	6,431
Machinery and equipment	3,859	3,907	3,490	3,600	7,349	7,507
Infrastructure	35,463	35,177	41,052	40,415	76,515	75,592
Construction in progress	<u>17,800</u>	<u>10,843</u>	<u>483</u>	<u>591</u>	<u>18,283</u>	<u>11,434</u>
Total capital assets, net	<u>\$105,169</u>	<u>\$98,272</u>	<u>\$50,852</u>	<u>\$50,828</u>	<u>\$156,021</u>	<u>\$149,100</u>

CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2012

Additions in 2012 include \$9.5 million for construction in progress (primarily streets) and \$2.1 million for sewer system improvements. More detailed information about the City's capital assets is presented in Note 8 to the financial statements.

Debt

At year-end, the City had \$25.4 million in bonds, notes and capital leases outstanding versus \$28.9 million last year as shown in Table 4.

Table 4
Outstanding Debt, at Year-end
(In Thousands)

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u> <u>Government</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
General obligation bonds (backed by property tax)	\$ 12,085	\$ 13,105	\$ -	\$ -	\$ 12,085	\$ 13,105
Revenue bonds and notes (backed by specific tax and fee revenue)	2,905	3,765	4,730	5,325	7,635	9,090
Other notes (backed by a pledge of all lawfully available funds)	4,075	4,546	-	-	4,075	4,546
Certificates of Indebtedness	-	-	1,276	1,460	1,276	1,460
Capital lease obligations	<u>321</u>	<u>472</u>	<u>-</u>	<u>-</u>	<u>321</u>	<u>472</u>
	<u>\$19,386</u>	<u>\$21,888</u>	<u>\$6,006</u>	<u>\$6,785</u>	<u>\$25,392</u>	<u>\$28,673</u>

Principal reductions in 2012 were \$2,503,000 and \$779,000 in the governmental and business-type funds, respectively. No new debt was issued in 2012.

After a temporary downgrade following Hurricane Katrina, the City's general obligation bonds were restored to a pre-Katrina "A-" rating in July 2006 by Fitch, a national rating agency. In August 2006, Moody's Investor Services also affirmed A2 underlying ratings for both general obligation debt and sales tax revenue debt and revised the outlook from negative to stable. In March 2010, Standards & Poors assigned AA- rating to the City's series 2010 general obligation bonds. The State limits the amount of general obligation debt that cities can issue to 35% percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt (\$12.1 million) is significantly below this \$73 million state-imposed limit.

CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2012

The City is self-insured with excess coverage for workers' compensation, general liability, auto liability, and employee medical. Claims and judgments of \$2,115,000 are outstanding at year-end compared with \$1,811,000 last year. Other obligations include accrued vacation pay, sick leave and net other post employment benefit obligations.

More detailed information about the City's long-term liabilities is presented in Notes 5, 10, 11 and 12 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Original Adopted Budget 2013

The City's elected and appointed officials considered many factors when setting the original fiscal year 2013 budget. Sales tax revenue provides approximately 50% of the City's annual recurring revenue in the original adopted budget. Sales tax revenue for the original 2013 budgeted was estimated at \$17,912,000 – no growth from 2012 revenue. Sales tax revenue for the first four months of 2013 is 5% less than the first four months of 2012. The decrease is primarily attributed to competition from the opening of new retail stores in surrounding communities. In accordance with state law, the mayor informed the council and presented the council with a proposed amendment to the budget to address the shortfall of \$887,000. The proposed amendment includes the elimination of 16 positions in January 2013 (\$388,000) and use of fund balance as of June 30, 2012 (\$499,000). Revenue from property tax revenue for fiscal 2013 is budgeted to remain flat. Property tax rates were reduced from 26.79 mills in 2012 to 26.56 mills in 2013 based on the reassessment tax rolls. Collections from various utility fees and charges were projected to grow in accordance with the annual rate adjustment based on the increase in the consumer price index. All other revenue projections were budgeted with a conservative bias.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director's Office at 2045 Second Street, Slidell, Louisiana or by phone at (985)-646-4316.

BASIC FINANCIAL STATEMENTS

CITY OF SLIDELL, LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business-type Activities	Total
<u>ASSETS:</u>			
Cash and cash equivalents	\$ 24,021,028	\$ -	\$ 24,021,028
Investments	2,393,521	-	2,393,521
Receivables, net of allowances for uncollectibles			
Taxes	2,164,164	-	2,164,164
Water, sewerage and garbage	-	974,264	974,264
Unbilled receivables	-	337,638	337,638
Other	678,537	6,680	685,217
Internal balances	(5,914,136)	5,914,136	-
Inventory	134,281	168,145	302,426
Prepaid items	1,467,621	11,213	1,478,834
Due from other governments	2,426,801	48,740	2,475,541
Deferred charge- issuance cost	288,838	91,764	380,602
Restricted assets:			
Cash and cash equivalents	9,584,594	894,441	10,479,035
Investments	1,250,805	126,232	1,377,037
Capital assets not being depreciated	38,082,043	558,411	38,640,454
Capital assets being depreciated, net of accumulated depreciation	<u>67,086,566</u>	<u>50,293,143</u>	<u>117,379,709</u>
 Total assets	 <u>143,664,663</u>	 <u>59,424,807</u>	 <u>203,089,470</u>
 <u>LIABILITIES:</u>			
Accounts payable and other current liabilities	5,636,700	600,897	6,237,597
Due to local entities	58,047	-	58,047
Noncurrent liabilities:			
Due within one year	4,180,833	818,730	4,999,563
Due in more than one year	<u>23,867,435</u>	<u>6,720,722</u>	<u>30,588,157</u>
 Total liabilities	 <u>33,743,015</u>	 <u>8,140,349</u>	 <u>41,883,364</u>
 <u>NET ASSETS:</u>			
Invested in capital assets, net of related debt	96,377,271	44,870,637	141,247,908
Restricted for:			
Debt service	1,405,461	1,020,672	2,426,133
Other purposes	863,118	-	863,118
Unrestricted	<u>11,275,798</u>	<u>5,393,149</u>	<u>16,668,947</u>
 Total net assets	 <u>\$ 109,921,648</u>	 <u>\$ 51,284,458</u>	 <u>\$ 161,206,106</u>

The accompanying notes are an integral part of this statement

CITY OF SLIDELL, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 9,283,019	\$ 4,215,048	\$ 577,479	\$ 500,783	\$ (3,989,709)	\$ -	\$ (3,989,709)
Public works	11,428,558	335,367	1,081,905	5,741,151	(4,270,135)	-	(4,270,135)
Public safety	10,558,151	1,035,330	585,052	241,128	(8,696,641)	-	(8,696,641)
Parks and recreation	2,196,623	18,255	61,817	1,385,479	(731,072)	-	(731,072)
Judicial system	420,504	35,007	-	-	(385,497)	-	(385,497)
Interest on long-term debt	709,649	-	-	-	(709,649)	-	(709,649)
Total governmental activities	34,596,504	5,639,007	2,306,253	7,868,541	(18,782,703)	-	(18,782,703)
Business-type Activities:							
Utilities	10,078,812	9,301,875	-	113,113	-	(663,824)	(663,824)
Airport	1,120,767	640,733	-	119,595	-	(360,439)	(360,439)
Total business-type activities	11,199,579	9,942,608	-	232,708	-	(1,024,263)	(1,024,263)
Total	\$ 45,796,083	\$ 15,581,615	\$ 2,306,253	\$ 8,101,249	(18,782,703)	(1,024,263)	(19,806,966)
General Revenues:							
Taxes:							
Ad valorem					3,866,282	1,669,640	5,535,922
Sales and use					17,919,089	-	17,919,089
Franchise					1,824,971	-	1,824,971
Beer and tobacco					70,766	-	70,766
Investment earning					249,765	3,156	252,921
Miscellaneous					26,616	14,998	41,614
Transfers					881,145	(881,145)	-
Total general revenues and transfers					24,838,634	806,649	25,645,283
Change in net assets					6,055,931	(217,614)	5,838,317
Net assets - beginning of year					103,865,717	51,502,072	155,367,789
Net assets - end of year					\$ 109,921,648	\$ 51,284,458	\$ 161,206,106

The accompanying notes are an integral part of this statement

CITY OF SLIDELL, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	ASSETS					
	General Fund	Sales Tax Fund	Grants and Donations Fund	Bond Improvement Fund	Other Governmental Funds	Total Governmental Funds
CURRENT ASSETS:						
Cash and cash equivalents	\$ 24,020,628	\$ 200	\$ 200	\$ -	\$ -	\$ 24,021,028
Investments	-	-	-	-	2,393,521	2,393,521
Receivables, net of allowances for uncollectibles:						
Taxes	570,115	1,594,049	-	-	-	2,164,164
Other	223,162	2,528	359,881	-	45,394	630,965
Due from other funds	-	8,537,083	494,731	-	5,230,592	14,262,406
Due from local entities	47,572	-	-	-	-	47,572
Due from other governments	21,756	4,390	875,267	-	360,689	1,262,102
Inventory	134,281	-	-	-	-	134,281
Prepaid items	1,467,621	-	-	-	-	1,467,621
Restricted assets:						
Cash	588,318	429,626	-	8,566,650	-	9,584,594
Investments	275,000	975,805	-	-	-	1,250,805
Total assets	\$ 27,348,453	\$ 11,543,681	\$ 1,730,079	\$ 8,566,650	\$ 8,030,196	\$ 57,219,059
	LIABILITIES AND FUND BALANCES					
LIABILITIES:						
Accounts, salaries, and other payables	\$ 2,500,335	\$ 917,109	\$ 1,225,081	\$ 420,825	\$ 400,548	\$ 5,463,898
Due to other funds	20,234,589	-	-	-	-	20,234,589
Total liabilities	22,734,924	917,109	1,225,081	420,825	400,548	25,698,487
FUND BALANCES:						
Nonspendable:						
Inventory	134,281	-	-	-	-	134,281
Prepaid items	1,467,621	-	-	-	-	1,467,621
Restricted for:						
Bond reserves	-	975,804	-	-	-	975,804
Debt service	-	-	-	-	2,396,031	2,396,031
Fremaux EDD	-	-	-	-	13,727	13,727
Grants	-	-	504,998	-	-	504,998
Sinking fund	-	429,626	-	-	-	429,626
Streets and drainage	-	-	-	8,145,825	-	8,145,825
Workers compensation	275,000	-	-	-	-	275,000
Committed to:						
Capital outlay	-	2,476,838	-	-	2,169,916	4,646,754
Contingencies	901,000	2,904,000	-	-	294,135	4,099,135
Debt service	-	500,000	-	-	-	500,000
Operating reserves	-	1,470,422	-	-	-	1,470,422
Assigned to:						
Compensated absences	558,000	-	-	-	-	558,000
Claims - workers compensation	411,367	-	-	-	-	411,367
Claims - general liability	167,299	-	-	-	-	167,299
Claims - medical	311,703	-	-	-	-	311,703
Public improvements, facilities & equipment	-	1,869,882	-	-	141,138	2,011,020
Recovery	-	-	-	-	2,614,701	2,614,701
Unassigned	387,258	-	-	-	-	387,258
Total fund balances	4,613,529	10,626,572	504,998	8,145,825	7,629,648	31,520,572
Total liabilities and fund balances	\$ 27,348,453	\$ 11,543,681	\$ 1,730,079	\$ 8,566,650	\$ 8,030,196	\$ 57,219,059

The accompanying notes are an integral part of this statement

CITY OF SLIDELL, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

Amounts reported for governmental activities in the Statement of Net Assets
are different because:

Funds balances, total governmental funds	\$ 31,520,572
Receivables due from FEMA related to Hurricane Katrina are reported in the Statement of Net Assets at the time they are earned, without regard to the timeliness of the remittance by FEMA.	1,164,699
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	105,168,609
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Accrued interest payable	(172,802)
Claims	(2,114,912)
Compensated absences	(1,865,000)
OPEB liability	(4,863,623)
Bonds, notes, and loans payable (net of premiums, discounts and deferred charges)	<u>(18,915,895)</u>
Net assets of governmental activities	<u>\$ 109,921,648</u>

CITY OF SLIDELL, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Sales Tax Fund	Grants and Donations Fund	Bond Improvement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes and assessments:						
Sales taxes	\$ -	\$ 17,921,402	\$ -	\$ -	\$ (2,314)	\$ 17,919,088
Ad Valorem	1,952,796	411,208	-	-	1,502,278	3,866,282
Franchise	1,824,971	-	-	-	-	1,824,971
Licenses and permits	2,106,164	-	-	-	-	2,106,164
Intergovernmental revenues:						
Federal and state grants	-	-	5,705,128	-	4,363,845	10,068,973
Other state and local governmental revenues	434,055	71,219	-	-	-	505,274
State supplemental pay	481,817	-	-	-	-	481,817
Fines and forfeitures	333,622	-	-	-	-	333,622
Service charges	390,295	56,411	-	-	2,304,684	2,751,390
Contributions	-	-	377,895	-	-	377,895
Other revenues, primarily interest and tuition	256,850	4,109	-	60,286	4,260	325,505
Total revenues	<u>7,780,570</u>	<u>18,464,349</u>	<u>6,083,023</u>	<u>60,286</u>	<u>8,172,753</u>	<u>40,560,981</u>
EXPENDITURES:						
Current:						
General government	3,784,295	3,360,603	19,052	-	1,133,205	8,297,155
Public works	624,503	4,341,287	1,110,663	-	-	6,076,453
Public safety	7,747,025	1,197,823	172,674	-	-	9,117,522
Recreation and culture	-	1,270,285	324,369	-	-	1,594,654
Judicial system	361,443	-	-	-	-	361,443
Debt Service:						
Principal retirement	-	151,069	-	-	2,351,856	2,502,925
Interest and fiscal charges	-	19,428	-	-	938,194	957,622
Capital outlay	-	3,442,584	4,442,554	1,717,866	4,059,325	13,662,329
Total expenditures	<u>12,517,266</u>	<u>13,783,079</u>	<u>6,069,312</u>	<u>1,717,866</u>	<u>8,482,580</u>	<u>42,570,103</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,736,696)</u>	<u>4,681,270</u>	<u>13,711</u>	<u>(1,657,580)</u>	<u>(309,827)</u>	<u>(2,009,122)</u>
OTHER FINANCING SOURCES:						
Transfers in	4,807,888	-	-	-	2,617,860	7,425,748
Transfers out	(31,225)	(5,699,418)	-	-	(813,960)	(6,544,603)
Total other financing sources (uses)	<u>4,776,663</u>	<u>(5,699,418)</u>	<u>-</u>	<u>-</u>	<u>1,803,900</u>	<u>881,145</u>
Net change in fund balances	39,967	(1,018,148)	13,711	(1,657,580)	1,494,073	(1,127,977)
Fund balances - beginning of year	<u>4,573,562</u>	<u>11,644,720</u>	<u>491,287</u>	<u>9,803,405</u>	<u>6,135,575</u>	<u>32,648,549</u>
Fund balances - end of year	<u>\$ 4,613,529</u>	<u>\$ 10,626,572</u>	<u>\$ 504,998</u>	<u>\$ 8,145,825</u>	<u>\$ 7,629,648</u>	<u>\$ 31,520,572</u>

The accompanying notes are an integral part of this statement

CITY OF SLIDELL, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances, total governmental funds	\$	(1,127,977)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay		12,675,590
Depreciation expense		(5,721,841)

In the Statement of Activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.

(57,810)

The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these difference in the treatment of long-term debt and related items.

2,502,925

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Claims		(304,027)
Compensated absences		(46,000)
Amortization of deferred charges		(46,313)
Amortization of issuance cost		(39,845)
Accrued expenses		(1,319,167)
Accrued interest expense		294,286

Revenue is reported in the Statement of Activities at the time it is earned, without regard to timeliness of collection:

Accrued revenue for the current year		1,164,699
Less: accrued revenue for the prior year		(1,918,589)

Change in net assets of governmental activities	\$	<u>6,055,931</u>
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CITY OF SLIDELL, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	<u>Utilities</u>	<u>Airport</u>	<u>Total</u>
<u>ASSETS:</u>			
Current assets:			
Cash and cash equivalents	\$ -	\$ -	\$ -
Accounts receivable, net of allowances for doubtful accounts in of \$1,059,686 in 2012	974,264	-	974,264
Unbilled receivables	337,638	-	337,638
Other receivables	-	6,680	6,680
Prepaid expenses	6,113	5,100	11,213
Due from other funds	5,194,710	719,426	5,914,136
Inventory	112,578	55,567	168,145
Due from other governments	-	48,740	48,740
Total current assets	<u>6,625,303</u>	<u>835,513</u>	<u>7,460,816</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	894,441	-	894,441
Investments	126,232	-	126,232
Capital assets, net of accumulated depreciation	45,342,691	5,508,863	50,851,554
Other assets	91,764	-	91,764
Total noncurrent assets	<u>46,455,128</u>	<u>5,508,863</u>	<u>51,963,991</u>
Total assets	<u>53,080,431</u>	<u>6,344,376</u>	<u>59,424,807</u>
<u>LIABILITIES:</u>			
Current liabilities:			
Accounts payable	500,143	38,900	539,043
Interest payable	61,854	-	61,854
Revenue bonds payable	608,730	-	608,730
Certificate of indebtedness	192,000	-	192,000
Compensated absences	18,000	-	18,000
Total current liabilities	<u>1,380,727</u>	<u>38,900</u>	<u>1,419,627</u>
Non-current liabilities:			
Bonds payable	4,096,188	-	4,096,188
Certificate of indebtedness	1,084,000	-	1,084,000
Compensated absences	355,000	9,000	364,000
OPEB liability	1,139,477	37,057	1,176,534
Total noncurrent liabilities	<u>6,674,665</u>	<u>46,057</u>	<u>6,720,722</u>
Total liabilities	<u>8,055,392</u>	<u>84,957</u>	<u>8,140,349</u>
<u>NET ASSETS:</u>			
Invested in capital assets, net of related debt	39,361,773	5,508,864	44,870,637
Restricted for:			
Debt service	1,020,672	-	1,020,672
Unrestricted	<u>4,642,594</u>	<u>750,555</u>	<u>5,393,149</u>
Total net assets	<u>\$ 45,025,039</u>	<u>\$ 6,259,419</u>	<u>\$ 51,284,458</u>

The accompanying notes are an integral part of this statement

CITY OF SLIDELL, LOUISIANA
STATEMENT REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Utilities	Airport	Total
<u>OPERATING REVENUES:</u>			
Charges for services:			
Water	\$ 3,592,376	\$ -	\$ 3,592,376
Sewer	4,068,029	-	4,068,029
Solid waste disposal	1,264,142	-	1,264,142
Connection charges	172,057	-	172,057
Fuel	-	566,950	566,950
Tie down and rental revenues	-	72,891	72,891
Penalties	205,271	892	206,163
Total operating revenues	<u>9,301,875</u>	<u>640,733</u>	<u>9,942,608</u>
<u>OPERATING EXPENSES:</u>			
Salaries, wages and related benefits	3,382,382	101,835	3,484,217
Solid waste disposal	2,237,591	-	2,237,591
Repairs and maintenance	545,903	51,656	597,559
Fuel	-	452,986	452,986
Materials and supplies	271,982	3,880	275,862
Utilities	466,580	8,232	474,812
Gas and oil	146,322	2,586	148,908
Insurance	101,368	7,819	109,187
Office expense	9,896	3,481	13,377
Certification and training	18,943	166	19,109
Other	224,501	13,486	237,987
Depreciation	2,390,461	474,640	2,865,101
Total operating expenses	<u>9,795,929</u>	<u>1,120,767</u>	<u>10,916,696</u>
Operating loss	(494,054)	(480,034)	(974,088)
<u>NON-OPERATING REVENUES (EXPENSES):</u>			
Ad valorem taxes assessed for sewerage maintenance	834,820	-	834,820
Ad valorem taxes assessed for garbage service	834,820	-	834,820
Interest income	3,156	-	3,156
Interest and fiscal charges	(248,361)	-	(248,361)
Other revenues (expenses)	(34,522)	14,998	(19,524)
Total non-operating revenues	<u>1,389,913</u>	<u>14,998</u>	<u>1,404,911</u>
Income (loss) before contributions and transfers	895,859	(465,036)	430,823
Capital contributions	113,113	119,595	232,708
Transfers in	31,225	197,394	228,619
Transfers out	(1,109,764)	-	(1,109,764)
Change in net assets	(69,567)	(148,047)	(217,614)
Net assets - beginning of the year	<u>45,094,606</u>	<u>6,407,466</u>	<u>51,502,072</u>
Net assets - end of the year	<u>\$ 45,025,039</u>	<u>\$ 6,259,419</u>	<u>\$ 51,284,458</u>

The accompanying notes are an integral part of this statement

CITY OF SLIDELL, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Utilities	Airport	Total
<u>CASH FLOWS FOR OPERATING ACTIVITIES:</u>			
Receipts from customers and users	\$ 9,206,786	\$ 583,496	\$ 9,790,282
Payments for goods and services	(2,958,752)	(514,589)	(3,473,341)
Payments for employee services	(3,016,704)	(103,208)	(3,119,912)
Payments for direct and indirect costs	(696,470)	(29,703)	(726,173)
Net cash provided by (used in) operating activities	<u>2,534,860</u>	<u>(64,004)</u>	<u>2,470,856</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING</u>			
<u>ACTIVITIES:</u>			
Transfers from other funds	31,225	197,394	228,619
Transfers to other funds	(1,109,764)	-	(1,109,764)
Advances to other funds	524,728	(220,841)	303,887
Property tax assessed for sewer maintenance	834,820	-	834,820
Property tax assessed for garbage service	834,820	-	834,820
Hurricane leases	-	100	100
Operating grants	-	5,992	5,992
Location fees	-	7,500	7,500
Net cash provided by (used in) noncapital financing activities	<u>1,115,829</u>	<u>(9,855)</u>	<u>1,105,974</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING</u>			
<u>ACTIVITIES:</u>			
Capital contributions	-	175,546	175,546
Acquisition and construction of capital assets	(2,642,520)	(103,093)	(2,745,613)
Principal paid on capital debt	(779,000)	-	(779,000)
Interest paid on capital debt	(256,021)	-	(256,021)
Proceeds from sale of capital assets	4,081	1,406	5,487
Net cash provided by (used in) capital and related financing activities	<u>(3,673,460)</u>	<u>73,859</u>	<u>(3,599,601)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Purchase of investments	(2,004,919)	-	(2,004,919)
Proceeds from maturities and sale of investments	2,615,000	-	2,615,000
Proceeds from interest income	11,738	-	11,738
Net cash provided by investing activities	<u>621,819</u>	<u>-</u>	<u>621,819</u>
Net increase in cash and cash equivalents	599,048	-	599,048
Cash and cash equivalents, beginning of year	<u>295,393</u>	<u>-</u>	<u>295,393</u>
Cash and cash equivalents, end of year	<u>\$ 894,441</u>	<u>\$ -</u>	<u>\$ 894,441</u>

The accompanying notes are an integral part of this statement

CITY OF SLIDELL, LOUISIANA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Utilities</u>	<u>Airport</u>	<u>Total</u>
<u>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</u>			
Operating loss	\$ (494,054)	\$ (480,034)	\$ (974,088)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation	2,390,461	474,640	2,865,101
Bad debt expense	114,922	-	114,922
Change in asset and liabilities:			
(Increase) decrease in accounts receivable/other assets	(95,086)	(1,670)	(96,756)
(Increase) decrease in inventory	(857)	(55,567)	(56,424)
Increase (decrease) in accounts payable	267,796	-	267,796
Increase (decrease) in OPEB liability	<u>351,678</u>	<u>(1,373)</u>	<u>350,305</u>
Net cash provided by (used in) operating activities	<u>\$ 2,534,860</u>	<u>\$ (64,004)</u>	<u>\$ 2,470,856</u>
<u>Noncash investing, capital and financing activities:</u>			
Change in the fair market value of investments	<u>\$ 55</u>	<u>\$ -</u>	<u>\$ 55</u>
Amortization	<u>\$ (15,712)</u>	<u>\$ -</u>	<u>\$ (15,712)</u>
Gain (loss) on disposal of capital assets	<u>\$ (26,278)</u>	<u>\$ 1,406</u>	<u>\$ (24,872)</u>
<u>Reconciliation of cash and cash equivalents to statement of net assets:</u>			
Cash and cash equivalents, restricted	<u>\$ 894,441</u>	<u>\$ -</u>	<u>\$ 894,441</u>
Cash and cash equivalents, end of year	<u>\$ 894,441</u>	<u>\$ -</u>	<u>\$ 894,441</u>

The accompanying notes are an integral part of this statement

CITY OF SLIDELL, LOUISIANA
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2012

ASSETS

	<u>Agency Funds</u>
Cash and cash equivalents	\$ 1,050
Restricted cash	94,028
Due from General Fund	<u>58,047</u>
 Total assets	 <u>\$ 153,125</u>

LIABILITIES

Accounts payable	\$ 2,692
Due to local entities	<u>150,433</u>
 Total liabilities	 <u>\$ 153,125</u>

The accompanying notes are an integral part of this statement

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of City of Slidell, Louisiana have been prepared in conformity with generally accepted accounting principles (GAAP); these financial statements present the City as the primary government. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Reporting Entity

The City is a municipal corporation governed by an elected nine-member Council. As required by generally accepted accounting principles, these financial statements present the City as the primary government. Generally accepted accounting principles require the financial statements of the reporting entity to present the primary government (the Council) and its component units. Component units are defined as legally separate organizations for which the elected officials of the primary government (the Council) are financially accountable. The criteria used in determining whether financial accountability exists include the appointment of a voting majority of an organization's governing board, the ability of the primary government to impose its will on that organization or whether there is a potential for the organization to provide specific financial benefits or burdens to the primary government. Fiscal dependency may also play a part in determining financial accountability.

In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The component unit discussed below is included in the City's basic financial statements as a blended component unit because of the significance of its operational or financial relationship with the City.

Blended Component Unit – Fremaux Economic Development District, State of Louisiana

The Fremaux Economic Development District, State of Louisiana (the "District") was created by an ordinance of the City Council of the City on March 25, 2008, pursuant to the Louisiana Cooperative Economic Development Law. On the same date, the Council passed ordinance number 3461 levying an additional sales tax of one percent (1%) in the District and passed ordinance number 3462 levying a hotel occupancy tax of one percent (1%) in the District. On December 13, 2011, the City Council adopted ordinance number 3636 to reduce the levy from one percent (1%) to one-half of one percent (0.50%). The District encompasses 89 undeveloped acres within the City of Slidell. The purpose of the District is to issue sales tax and hotel occupancy increment revenue bonds for economic development in the District. Because of the nature and significance of the relationship between the City and the District is such that exclusion would cause the City's financial statements to be misleading or incomplete, this entity is reported as if it were part of the City's operations.

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the nonfiduciary activities of the City. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements (except agency funds which do not have a measurement focus). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Sales Tax Fund* accounts for the bond proceeds and subsequent debt service and expenditures funded by the City's two percent sales and use tax, which are primarily dedicated for public improvements.

The *Grants and Donations Fund* accounts for federal and other grant programs not accounted for elsewhere.

The *Bond Improvement Fund* is a capital projects fund that accounts for improvements to the City's streets, bridges and drainage. The fund's resources are derived from the proceeds of a general obligation bond.

The City reports the following major proprietary funds:

The *Utility Fund* accounts for the operations of the water and sewerage systems and the solid waste disposal system.

The *Airport Fund* accounts for operations of the Slidell Municipal Airport.

Additionally, the City reports the following fund type:

An *Agency fund* is used to account for the activities of the Animal Assistance League of Slidell. This fund accounts for assets held by the City in a fiduciary capacity for individuals, organizations and others.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Utility Fund and Airport Fund are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgetary Accounting

Budget Policies - The Mayor and City Council approve, prior to the beginning of each year, an annual operating budget prepared on the modified accrual basis for general governmental activities, except state supplemental pay (\$481,817 in 2012) to police officers is not treated as budgeted revenues and expenditures of the General Fund. Payments under capital leases are treated as expenditures in the year of payment for budgetary purposes. At the end of the fiscal year, unexpended and unencumbered appropriations of these funds automatically lapse with the exception of capital outlay appropriations, which lapse after three fiscal years.

During the year, the Mayor may authorize transfers between line items within a department without Council approval. Upon request by the Mayor, the Council may amend departmental or fund level appropriations during the year. The budget data reflected in the Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budgetary Basis, (see pages 53 to 57 and 61 to 62) includes the effect of such appropriation amendments approved by the City Council during the current year. These amendments may reappropriate committed funds rolling forward from the previous year for various capital projects as well as amend the distributions of operating funds already appropriated.

Cash and Cash Equivalents

For the purpose of the Statement of Net Assets, cash includes all demand, savings accounts, and certificates of deposit of the City. For the purpose of the proprietary funds Statement of Cash Flows, all highly liquid investments (including certificates of deposit) with maturity of three months or less when purchased are considered to be cash equivalents.

The City is authorized under state law to deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the United States, or laws of the United States. Under state laws, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. State Law R.S. 39:1225 provides that the amount of the security shall at all times be equal to 100% of the amount on deposit to the credit of each depositing authority, except that portion of the deposits insured by United States.

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

State Law R.S. 33:2955 allows the investment in direct United States Treasury obligations; bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies or U.S. government instrumentalities, which are federally sponsored; direct security repurchase agreements of any federal book-entry-only securities guaranteed by the U.S. government; time certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana; savings accounts or shares of certain savings and loan associations and savings banks; certain accounts of federally or state chartered credit unions, and certain mutual or trust fund institutions.

Investments are stated at fair value in accordance with the Governmental Accounting Standards Board Statement (GASB) No. 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools".

Interfund Transactions

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds". Short-term interfund loans are reported as "interfund receivables and payables". Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds". Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

The permanent reallocation of resources between funds of the City are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated. Interfund services provided and used are not eliminated in the process of consolidation.

Payment in Lieu of Taxes

Costs associated with general governmental operations of the City are initially recorded in the General Fund. A portion of these costs is applicable to the administration and operation of the Sales Tax and Utility Funds.

For the Sales Tax Fund, in lieu of an administrative cost allocation, the City budgets a transfer of a portion of the sales tax revenues to the General Fund.

For the Utility Fund, the payment in lieu of taxes is made to the General Fund based on rates the General Fund would have charged a third party for the services provided. The rates are determined based on the current franchise and property millage tax rates.

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories and Prepaids

Inventories are valued at cost using the average cost method. Inventories in the governmental funds consist of materials and supplies held for consumption and are accounted for using the consumption method whereby individual items are recorded as expenditures when they are consumed. Inventories in the governmental funds are equally offset by a reservation of fund balance, which indicates that although inventories are a component of net current assets, they do not constitute "available spendable resources." Inventories in the proprietary funds consist of chemicals, repair materials, and spare parts. These inventories are also accounted for using the consumption method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Restricted assets on the Balance Sheet of the Sales Tax Fund of \$1,405,431 represent amounts which are required to be maintained pursuant to the ordinance relating to the Series 2003 Public Improvement Refunding Bonds (bond sinking fund and reserve fund, see Note 5) and required to be held to satisfy various bond covenants. A corresponding amount of fund balance is restricted as these monies are legally segregated for a specific future use.

Restricted investments on the Balance Sheet of the General Fund represent a certificate of deposit of \$275,000 required to be maintained and held by the Workers Compensation Fund (a State of Louisiana agency) as collateral against the City's self-insured portion of workers' compensation claims. A corresponding amount of fund balance is restricted as these monies are legally segregated for a specific future use. Restricted cash on the Balance Sheet of the General Fund totals \$588,318, which represents cash received through grants and cash received through various law enforcement seizures that are restricted for future law enforcement activity.

Restricted assets on the balance sheet of the Utility Fund represent funds which are required to be maintained pursuant to ordinances relating to the Utilities Revenue Bonds and Certificates of Indebtedness.

Restricted cash on the Balance Sheet of the Bond Improvement Fund of \$8,566,650 represents unspent bond proceeds and interest earnings related to the Series 2010 General Obligation Bond. A corresponding amount of fund balance is restricted as these monies are legally segregated for a specific future use.

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include land and land improvements, buildings, equipment, and infrastructure assets (streets, roads, bridges, canals, and sewer and drainage systems) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major additions are capitalized as projects are constructed.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide financial statements.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Depreciation on all capital assets, excluding land and construction in progress, is calculated on the straight-line method over the following estimated useful lives:

Land improvements	7 to 20 years
Buildings and building improvements	20 to 50 years
Street system	10 to 20 years
Drainage system	20 years
Office equipment	4 to 10 years
Machinery and equipment	10 years
Vehicles	4 years
Bridges	25 years
Water system	20 to 50 years
Sewerage system	10 to 50 years

Compensated Absences

Vacation and sick leave benefits are based on the number of years of service and may be carried forward to subsequent years. However, upon retirement or termination 30 days of earned vacation will be paid to City employees. In addition, 30 days of earned sick leave will be paid to City employees only upon retirement. Upon retirement unused and unpaid sick leave and vacation leave are converted to time served for retirement credit. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements.

In the fund financial statements, the governmental funds report a liability for compensated absences for the amount that has matured as a result of employee resignations and retirements.

Compensated absences are liquidated by the funds in which the employees' salaries were reported. In prior years, the funds which have typically been used to liquidate compensated absences have been the General, Sales Tax and Utility Funds.

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Ad Valorem Taxes

Ad valorem taxes are levied based on a calendar year. The tax is due and becomes an enforceable lien on the property when the tax bills are mailed in early December. Although the bill states the property taxes are due on December 31st, penalties are assessed for any payment not received by January 15th. Taxes are billed and collected by the St. Tammany Sheriff's Office, which receives a fee per property tax bill for its services. Property tax revenues are recognized when levied to the extent that they are determined to be currently collectible. Any unpaid taxes are collected in connection with a tax sale held in June.

Equity Classifications

In the government-wide financial statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. *Restricted for other purposes on the Statement of Net Assets consist of grant related cash and workers compensation investments.*
- c. Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications (continued)

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned. The City Council, as the highest level of decision-making authority, can establish, modify or rescind a fund balance commitment by ordinance at a public City Council meeting. For assigned fund balance the City's Council authorizes the director of finance to assign amounts for a specific purpose in the fund balance policy adopted by the City Council.

When both restricted and unrestricted fund balances are available for use, it is the City's policy to use restricted resources first, then unrestricted as needed. When committed, assigned or unassigned fund balances are available for use it is the City's policy to use committed resources first, then assigned resources and unassigned resources as they are needed.

Minimum Unrestricted Fund Balance Policy

Unrestricted fund balance is defined as total fund balance less non spendable fund balance less restricted fund balance. The City has adopted the following minimum unrestricted fund balance policy:

General fund – The minimum unrestricted fund balance shall be 25% of operating revenue per the last audited financial statements of the City.

Special revenue funds primarily funded by sales tax – The minimum unrestricted fund balance shall be 25% of operating revenue per the last audited financial statements of the City plus funds committed to capital outlay.

DISA Building Fund – Minimum unrestricted fund balance shall be 60% of operating expenditures per the last audited financial statements of the City plus funds committed to capital outlay.

Replenishment – Should the minimum fund balance fall below the targeted levels defined above, the Mayor shall propose a plan to the Council for their approval to restore the fund balance to the target level within 24 months. If restoration to the minimum fund balance target cannot be accomplished within such a period without severe hardship to the City, the Council will establish a different time frame.

Individual Fund Disclosure

For the year ended June 30, 2012, none of the City's funds had expenditures in excess of appropriations.

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from these estimates.

Subsequent Events

Subsequent events have been evaluated through November 29, 2012, the date the financial statements were available to be issued.

(2) CASH AND INVESTMENTS

Deposits

The City had the following cash as of June 30, 2012:

	<u>Total</u>
<u>Governmental funds:</u>	
Unrestricted:	
Petty cash	\$ 1,600
Demand deposits	24,019,428
Restricted:	
Demand deposits	9,584,594
<u>Proprietary funds:</u>	
Restricted:	
Demand deposits	894,441
<u>Fiduciary Funds:</u>	
Unrestricted:	
Petty cash	1,050
Restricted:	
Demand deposits	<u>94,028</u>
	<u>\$ 34,595,141</u>

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits might not be recovered. The City's deposit policy for custodial credit risk conforms to state law, as described in Note 1. At June 30, 2012, the City's demand deposit bank balances of \$36,088,158 were entirely secured by federal deposit insurance and pledged securities held by the City's agent in the City's name.

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CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

(2) **CASH AND INVESTMENTS (CONTINUED)**

Investments

Custodial credit risk is defined as the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investment. The City is not exposed to custodial credit risk at June 30, 2012 since investments are held in the name of the City. The City's investment policy conforms to state law, as described in Note 1.

Concentration of credit risk relates to the amount of investments in any one entity. At June 30, 2012, the City had no investments in any one entity which exceeded 5% of total investments, except obligations of federally sponsored entities, which are implicitly guaranteed by the federal government.

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy conforms to state law, which includes a policy that limits investment maturities to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities prior to maturity. This reduces exposure to fair value losses arising from increasing interest rates.

As of June 30, 2012, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Greater than 10</u>
U.S. Treasuries	\$ 3,466,307	\$ 3,466,307	\$ -	\$ -	\$ -
Certificates of Deposit	<u>304,251</u>	<u>29,251</u>	<u>275,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,770,558</u>	<u>\$ 3,495,558</u>	<u>\$ 275,000</u>	<u>\$ -</u>	<u>\$ -</u>

Credit risk is defined as the risk that an insurer or other counterparty to an investment will not fulfill its obligations. As of June 30, 2012, the City's investments are in obligations of or guaranteed by the U.S. government. The City's investment policy minimizes credit risk by limiting its investments to those which are either obligations of, guaranteed by, or collateralized by, the U.S. government.

(3) **RETIREMENT PLANS**

The City provides pension benefits for all of its full-time employees through two separate cost-sharing, multiple-employer public employee retirement systems. All full-time City employees, except police, are members in the Municipal Employees' Retirement System of the State of Louisiana (the Municipal System). All full-time police are members of the Municipal and State Police Retirement System of Louisiana (the Police System).

The City's total payroll cost, excluding benefits, was approximately \$12,797,000 for fiscal year 2012. Also, police officers receive on-behalf payments of State supplemental pay, which totaled \$481,817 for fiscal year 2012. These on-behalf payments are recognized as revenues and expenditures in the General Fund.

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

(3) RETIREMENT PLANS (CONTINUED)

Contributions to the retirement systems were based on participating full-time employee earnings, which were approximately as follows for fiscal 2012:

Municipal System	\$ 5,981,000
Police System	<u>4,249,000</u>
Total	<u>\$ 10,230,000</u>

Municipal employees participating in the Municipal System are entitled to a retirement benefit at or after age 60 with 10 years of creditable service or at any age with 25 years of creditable service. The retirement benefit is generally three percent of the member's final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. The system also provides death and disability benefits as well as a deferred retirement option. Benefits are established by state legislation. The Municipal System issues a publicly available financial report that includes the financial statements and required supplementary information for the Municipal System. That report may be obtained by writing to the Municipal Employees' Retirement System, 7937 Office Park Blvd., Baton Rouge, Louisiana 70809.

Police participating in the Police System for at least one year are eligible for normal retirement at or after age 50 with 20 years of creditable service, age 55 with 12 years creditable service or at any age with 25 years of creditable service. The retirement benefit is generally three and one-third percent of the members' average final compensation multiplied by their years of creditable service (not to exceed 100% of average final compensation). The system also provides death and disability benefits as well as a deferred retirement option. Benefits are established by State legislation. The Police System issues a publicly available financial report that includes the financial statements and required supplementary information for the Police System. That report may be obtained by writing to the Municipal and State Police Retirement System of Louisiana, 8401 United Plaza Building, Room 235, Baton Rouge, Louisiana 70809.

State legislation has established the obligations of the City and its employees for contributions at 16.75% and 9.25% of employee earnings, respectively, for the Municipal System, as well as 26.50% and 10.00% of employee earnings, respectively, for the Police System. The contributions made by the City are greater than its obligations established by the State legislature in order to reduce employee contributions accordingly. The City's 2012 contributions to the Municipal System consisted of 26.00% of participating employee earnings for employees hired before June 30, 2011 and 16.75% of employee earnings for employees hired after June 30, 2011. The City's 2012 contributions to the Police System were 36.5% of the participating policemen's wages for employees hired before June 30, 2011 and 26.5% of the participating policemen's wages for employees hired after June 30, 2011. The City's contributions to the Municipal System for the years ending June 30, 2012, 2011 and 2010 were approximately \$1,532,000, \$1,542,000 and \$1,557,000, respectively, equal to the required contribution for each year. The City's contributions to the Police System for the years ending June 30, 2012, 2011 and 2010 were approximately \$1,526,000, \$1,395,000 and \$813,000, respectively, equal to the required contribution for each year.

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

(4) DEDICATED REVENUES

The City collects a two percent sales and use tax pursuant to two separate one percent tax propositions approved by the voters in November 1962 (fiscal 1963) and September 1986 (fiscal 1987). These revenues are dedicated for specific purposes and are accounted for in a separate Special Revenue Fund.

An inter-governmental agreement (known as the Sales Tax Enhancement Plan) was executed between the City and Sales Tax District #3 of St. Tammany Parish. The agreement targets all undeveloped commercial properties (within St. Tammany Parish) annexed into the City after November 4, 1986 and stipulates that the two percent sales and use tax derived from the subsequent development of such properties would be split equally (after the City recovered approximately \$1,386,000 of costs relating to the extension of services to two retail developments) between the City and Sales Tax District #3 of St. Tammany Parish. The initial agreement had a twenty-year life, and expired December 1, 2006. The City entered into negotiations with St. Tammany Parish to renew this agreement and on October 24, 2006, an ordinance was passed renewing the inter-governmental agreement between the City and Sales Tax District #3 of St. Tammany Parish, with a few minor changes. The agreement has a twenty-five year life, expiring December 1, 2031.

Dedication of the 1963 tax, as amended, requires one half of all proceeds of the tax to be used first for debt service requirements and the costs for bonds issued for the purpose of constructing, acquiring, or improving lands, buildings or other works of public improvement for the City, including equipment and furnishings thereof, title to which shall be in the public's name. The remaining dedicated revenue is to be used for constructing, acquiring or improving the aforementioned capital improvements. The proposition also provides for one half of the 1963 sales and use tax revenues to be undedicated. These undedicated revenues are available for general operations.

All of the proceeds of the 1987 tax, after paying the reasonable and necessary expenses of collecting and administering the tax, are dedicated to the purchasing, constructing, acquiring, extending, improving, maintaining, and/or operating public facilities, public works or capital improvements and paying the capital costs of police protection and public safety for the City or any sites, equipment and furnishings thereof. According to the voter-approved proposition, the City is further authorized to fund the proceeds of the tax into bonds for the above-stated capital purposes. Proceeds of the 1963 sales and use tax serve as security for outstanding sales tax revenue bonds (see Note 5).

The City levies an additional sales tax of one half of one percent (0.50%) and a hotel occupancy tax of one percent (1%) in the Fremaux Economic Development District to fund economic development projects selected by the District.

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

(5) LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2012:

	<u>Balance 6/30/2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2012</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 13,105,000	\$ -	\$ (1,020,000)	\$ 12,085,000	\$ 1,055,000
Less:					
Deferred amounts -					
On refunding	(53,723)	-	10,744	(42,979)	(10,744)
For issuance premiums	71,613	-	(5,256)	66,357	5,256
Sales Tax Revenue Bonds	3,765,000	-	(860,000)	2,905,000	540,000
Less:					
Deferred amounts -					
On refunding	(323,665)	-	53,943	(269,722)	(53,943)
For issuance premiums	78,707	-	(13,118)	65,589	13,118
Compensated absences (Note 1)	1,819,000	382,269	(336,269)	1,865,000	336,000
Capital Lease Obligation	472,113	-	(151,070)	321,043	157,286
LCDA Loan	2,546,300	-	(318,600)	2,227,700	350,100
CDL Loan	2,000,000	-	(153,255)	1,846,745	462,127
Net OPEB Obligation	3,544,456	2,274,243	(955,076)	4,863,623	-
Claims and judgments	<u>1,810,885</u>	<u>6,033,179</u>	<u>(5,729,152)</u>	<u>2,114,912</u>	<u>1,326,633</u>
Total governmental activities	<u>28,835,686</u>	<u>8,689,691</u>	<u>(9,477,109)</u>	<u>28,048,268</u>	<u>4,180,833</u>
<u>Business-Type Activities</u>					
Utility Revenue Bonds	5,325,000	-	(595,000)	4,730,000	615,000
Less:					
Deferred amounts -					
On refunding	(34,726)	-	6,945	(27,781)	(6,945)
For issuance premiums	3,374	-	(675)	2,699	675
Certificates of indebtedness	1,460,000	-	(184,000)	1,276,000	192,000
Net OPEB Obligation	826,229	550,903	(200,598)	1,176,534	-
Compensated absences (Note 1)	<u>373,000</u>	<u>26,907</u>	<u>(17,907)</u>	<u>382,000</u>	<u>18,000</u>
Total business-type activities	<u>7,952,877</u>	<u>577,810</u>	<u>(991,235)</u>	<u>7,539,452</u>	<u>818,730</u>
Total governmental and business-type activities	<u>\$ 36,788,563</u>	<u>\$ 9,267,501</u>	<u>\$ (10,468,344)</u>	<u>\$ 35,587,720</u>	<u>\$ 4,999,563</u>

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

(5) LONG-TERM DEBT (CONTINUED)

Details on the City's long-term debt as of June 30, 2012 are as follows:

General Obligation Bonds secured by ad valorem taxes:

General Obligation Bonds, Series 2010, bearing interest from 2.0% to 4.125%, payable semi-annually through 2029, streets bridges and drainage.	\$ 9,300,000
Refunding Bonds, Series 2006, bearing interest from 3.0% to 3.85%, payable semi-annually through 2016, drainage improvements.	<u>2,785,000</u>
	<u>\$ 12,085,000</u>

Sales Tax Bonds secured by sales and use taxes:

Public Improvement Refunding Bonds, Series 2003, secured by a lien and irrevocable pledge of the proceeds of the City's one percent sales and use tax levied in 1986, bearing interest from 2.0% to 5.0%, payable semi-annually through 2017, street improvements.	<u>\$ 2,905,000</u>
Louisiana Community Development Authority loan ("LCDA"), Series 1991, secured by a pledge of all lawfully available funds, bearing interest at a variable rate (1.70% at 6/30/12), payable monthly through 2018, capital improvements.	<u>\$ 2,227,700</u>
Community Disaster Loan ("CDL"), Series 2006, secured by a pledge of the City's revenues each fiscal year the note is outstanding, bearing interest at 2.68% payable annually through December 15, 2015, municipal operations after Hurricane Katrina.	<u>\$ 1,846,745</u>
Certificates of Indebtedness, Series 2008, secured by a pledge of all lawfully available funds, bearing interest at 3.44%, payable semi-annually through 2018, automated meter reading system.	<u>\$ 1,276,000</u>

Utility Revenue Bonds, secured by revenues of the Utility Fund:

Utility Revenue Refunding Bonds, Series 2010, bearing interest from 2.0% to 3.0%, payable semi-annually through 2016, improvements to water system.	\$ 645,000
Utility Revenue Bonds, Series 1996A, bearing interest at 3.95%, payable semi-annually through 2017, sewer system improvements.	1,325,000
Utility Revenue Bonds, Series 2004, bearing interest at 3.95%, payable semi-annually through 2024, improvements to waste water treatment plant.	<u>2,760,000</u>
	<u>\$ 4,730,000</u>

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

(5) LONG-TERM DEBT (CONTINUED)

The annual requirements to maturity for general obligation bonds as of June 30, 2012 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 1,055,000	\$ 436,688
2014	1,090,000	405,513
2015	1,140,000	372,744
2016	1,195,000	335,369
2017	455,000	293,144
2018-2022	2,565,000	1,221,206
2023-2027	3,130,000	681,656
2028-2029	<u>1,455,000</u>	<u>89,862</u>
	<u>\$ 12,085,000</u>	<u>\$ 3,836,182</u>

The annual requirements to maturity for the certificates of indebtedness as of June 30, 2012 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 192,000	\$ 43,895
2014	200,000	37,289
2015	208,000	30,409
2016	216,000	23,254
2017	225,000	15,824
2018	<u>235,000</u>	<u>8,084</u>
	<u>\$ 1,276,000</u>	<u>\$ 158,755</u>

The annual requirements to maturity for sales tax bonds as of June 30, 2012 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 540,000	\$ 90,135
2014	560,000	72,804
2015	580,000	53,985
2016	600,000	33,625
2017	<u>625,000</u>	<u>11,562</u>
	<u>\$ 2,905,000</u>	<u>\$ 262,111</u>

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

(5) LONG-TERM DEBT (CONTINUED)

The annual requirements to maturity for the Louisiana Community Development Authority ("LCDA") loan as of June 30, 2012 are as follows:

<u>Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 350,100	\$ 33,293
2014	360,100	27,592
2015	379,600	21,655
2016	396,600	15,409
2017	414,100	8,900
2018	<u>327,200</u>	<u>2,243</u>
	<u>\$ 2,227,700</u>	<u>\$ 109,092</u>

The annual requirements to maturity for the Community Disaster Loan as of June 30, 2012 are as follows:

<u>Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 462,127	\$ 24,369
2014	449,388	37,108
2015	461,432	25,064
2016	<u>473,798</u>	<u>12,698</u>
	<u>\$ 1,846,745</u>	<u>\$ 99,239</u>

The annual requirements to maturity for utility revenue bonds as of June 30, 2012 are as follows:

<u>Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 615,000	\$ 176,107
2014	635,000	155,325
2015	660,000	133,850
2016	580,000	110,535
2017	500,000	88,480
2018-2022	1,200,000	252,207
2023-2024	<u>540,000</u>	<u>32,192</u>
	<u>\$ 4,730,000</u>	<u>\$ 948,696</u>

At June 30, 2012, the following amounts are considered available for the retirement of general long-term debt:

Sales Tax Fund	\$ 1,405,431
Debt Service Fund	<u>2,396,031</u>
	<u>\$ 3,801,462</u>

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

(5) LONG-TERM DEBT (CONTINUED)

In accordance with the Revised Statutes of the State of Louisiana, aggregate debt payable solely from ad valorem taxes for each specific purpose shall not exceed 35% of the total assessed valuation of taxable property. As of June 30, 2012, the City was in compliance with these statutes.

Pursuant to the Revenue Bond Resolution and the 2003 series Public Improvement Bond ordinances, and Utility Revenue Bonds, Series 1996A, 2004 and 2010, certain assets of the Special Revenue and Enterprise Funds are restricted (see Note 1). As of June 30, 2012, the City was in substantial compliance with the restrictive covenants of its debt agreements.

In prior years, the City defeased certain general obligation and sales tax revenue bonds by placing the proceeds of the new refunding bonds in an irrevocable trust escrow account to provide for the future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Statement of Net Assets. At June 30, 2012, \$6,380,000 in general obligation bonds, sales tax revenue bonds and utility revenue bonds outstanding are considered defeased.

The City is obligated under one lease accounted for as a capital lease in governmental activity long-term debt and governmental activity capital assets. This lease is for police communications equipment and has a remaining lease period of 2 years. The assets acquired through this capital lease are as follows:

	<u>Governmental Activities</u>
Office equipment	\$ 1,331,065
Less: accumulated depreciation	<u>(1,247,874)</u>
Total	<u>\$ 83,191</u>

The following is a schedule of future minimum lease payments under capital leases in governmental activity long-term debt, together with the present value of the net minimum lease payments as of June 30, 2012:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2013	\$ 170,497
2014	<u>170,497</u>
	340,994
Less: amount representing interest	<u>(19,951)</u>
	<u>\$ 321,043</u>

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

(5) LONG-TERM DEBT (CONTINUED)

Due to/from other funds at June 30, 2012 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sales Tax Fund	General Fund	\$ 8,537,083
Grants and Donations Fund	General Fund	494,731
Other Governmental Funds	General Fund	5,230,592
Utility Fund	General Fund	5,194,710
Airport Fund	General Fund	719,426
Agency Funds	General Fund	<u>58,047</u>
Total		<u>\$ 20,234,589</u>

The above due to/from other funds were short-term receivables or payables resulting from the normal course of the City's operations.

(6) INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

A summary of the interfund transfers at June 30, 2012 are as follows:

	<u>Transfers In:</u>				
	<u>General Fund</u>	<u>Other Governmental</u>	<u>Utility Fund</u>	<u>Airport Fund</u>	<u>Total</u>
<u>Transfers Out:</u>					
General Fund	\$ -	\$ -	\$ 31,225	\$ -	\$ 31,225
Sales Tax Fund	4,183,888	1,318,136	-	197,394	5,699,418
Utility Fund	624,000	485,764	-	-	1,109,764
DISA Fund	-	813,960	-	-	813,960
Totals	<u>\$ 4,807,888</u>	<u>\$ 2,617,860</u>	<u>\$ 31,225</u>	<u>\$ 197,394</u>	<u>\$ 7,654,367</u>

Transfers are primarily used to move funds from:

- The Sales Tax Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.
- The General Fund to the Utility Fund to satisfy bond covenants to provide \$25 for maintenance of each fire hydrant.
- The Utility Fund to the General Fund to satisfy payments in lieu of tax (see Note 1).
- The Utility Fund to the Debt Service Fund to satisfy annual debt service payments for a Community Disaster Loan.
- The DISA Fund to the Public Works Fund to fund various public works projects.

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

(7) ALLOWANCE FOR DOUBTFUL ACCOUNTS

The water, sewerage and garbage receivable balance of \$974,264 in the Utility Fund is net of an allowance for doubtful accounts of \$1,059,686.

(8) CAPITAL ASSETS

A summary of changes in governmental fund type fixed assets for the year ended June 30, 2012 is as follows:

	<u>6/30/2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Completed Construction</u>	<u>6/30/2012</u>
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 20,261,406	\$ 20,501	\$ -	\$ -	\$ 20,281,907
Construction-in-progress	<u>10,842,573</u>	<u>9,046,611</u>	<u>(22,321)</u>	<u>(2,066,727)</u>	<u>17,800,136</u>
Total capital assets not being depreciated	<u>31,103,979</u>	<u>9,067,112</u>	<u>(22,321)</u>	<u>(2,066,727)</u>	<u>38,082,043</u>
Capital assets being depreciated:					
Buildings and building improvements	36,391,993	702,191	(208,477)	71,266	36,956,973
Land improvements	7,005,551	222,798	-	-	7,228,349
Street system	60,722,406	592,720	-	19,887	61,335,013
Drainage system	38,804,954	725,762	-	1,926,520	41,457,236
Office equipment	4,903,016	492,374	(18,737)	49,054	5,425,707
Machinery and equipment	5,601,479	197,676	(1)	-	5,799,154
Vehicles	5,660,479	674,957	(418,486)	-	5,916,950
Bridges	<u>540,580</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>540,580</u>
Total capital assets being depreciated	<u>159,630,458</u>	<u>3,608,478</u>	<u>(645,701)</u>	<u>2,066,727</u>	<u>164,659,962</u>
Less accumulated depreciation for:					
Buildings and building improvements	9,711,053	817,272	(193,565)	-	10,334,760
Land improvements	5,603,050	483,441	-	-	6,086,491
Street system	41,156,940	1,557,466	-	-	42,714,406
Drainage system	23,368,478	1,406,745	-	-	24,775,223
Office equipment	3,345,749	671,684	(18,737)	-	3,998,696
Machinery and equipment	3,851,608	377,973	(1)	-	4,229,580
Vehicles	5,058,655	392,937	(397,909)	-	5,053,683
Bridges	<u>366,234</u>	<u>14,323</u>	<u>-</u>	<u>-</u>	<u>380,557</u>
Total accumulated depreciation	<u>92,461,767</u>	<u>5,721,841</u>	<u>(610,212)</u>	<u>-</u>	<u>97,573,396</u>
Total capital assets being depreciated, net	<u>67,168,691</u>	<u>(2,113,363)</u>	<u>(35,489)</u>	<u>2,066,727</u>	<u>67,086,566</u>
Governmental activities					
Capital assets, net	<u>\$ 98,272,670</u>	<u>\$ 6,953,749</u>	<u>\$ (57,810)</u>	<u>\$ -</u>	<u>\$105,168,609</u>

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

(8) CAPITAL ASSETS (CONTINUED)

Construction-in-progress primarily consists of buildings and building improvements which are financed by sales tax revenues and grants.

A summary of changes in proprietary fund type fixed assets as of June 30, 2012 follows:

	<u>6/30/2011</u>	<u>Completed Additions</u>	<u>Reductions</u>	<u>Construction</u>	<u>6/30/2012</u>
<u>Business-Type Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 75,658	\$ -	\$ -	\$ -	\$ 75,658
Construction-in-progress	<u>590,661</u>	<u>406,202</u>	<u>-</u>	<u>(514,110)</u>	<u>482,753</u>
Total capital assets not being depreciated	<u>666,319</u>	<u>406,202</u>	<u>-</u>	<u>(514,110)</u>	<u>558,411</u>
Capital assets being depreciated:					
Buildings and building improvements	1,519,524	-	-	-	1,519,524
Land improvements	9,440,981	87,615	-	-	9,528,596
Water system	23,969,009	95,688	-	21,175	24,085,872
Sewerage system	47,121,991	2,118,362	(42,642)	306,111	49,503,822
Office equipment	480,153	90,752	(12,934)	-	557,971
Vehicles	1,299,088	44,673	(60,181)	-	1,283,580
Machinery and equipment	<u>4,941,213</u>	<u>71,227</u>	<u>(32,015)</u>	<u>186,824</u>	<u>5,167,249</u>
Total capital assets being depreciated	<u>88,771,959</u>	<u>2,508,317</u>	<u>(147,772)</u>	<u>514,110</u>	<u>91,646,614</u>
Less accumulated depreciation for:					
Buildings and building improvements	402,473	57,945	-	-	460,418
Land improvements	4,413,419	423,404	-	-	4,836,823
Water system	13,950,367	489,412	-	-	14,439,779
Sewerage system	16,724,238	1,388,720	(16,364)	-	18,096,594
Office equipment	282,671	76,322	(12,934)	-	346,059
Vehicles	1,175,536	80,982	(60,181)	-	1,196,337
Machinery and equipment	<u>1,661,160</u>	<u>348,316</u>	<u>(32,015)</u>	<u>-</u>	<u>1,977,461</u>
Total accumulated depreciation	<u>38,609,864</u>	<u>2,865,101</u>	<u>(121,494)</u>	<u>-</u>	<u>41,353,471</u>
Total capital assets being depreciated, net	<u>50,162,095</u>	<u>(356,784)</u>	<u>(26,278)</u>	<u>514,110</u>	<u>50,293,143</u>
Business-Type Activities Capital assets, net	<u>\$ 50,828,414</u>	<u>\$ 49,418</u>	<u>\$ (26,278)</u>	<u>\$ -</u>	<u>\$ 50,851,554</u>

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

(8) CAPITAL ASSETS (CONTINUED)

Construction-in-progress primarily consists of sewer improvements.

Depreciation expense was charged to functions/programs of the City as follows:

<u>Governmental activities:</u>	
General government	\$ 587,862
Public works	3,840,157
Public safety	894,537
Recreation and culture	376,922
Judicial system	<u>22,363</u>
Total depreciation expense – governmental activities	<u>\$ 5,721,841</u>
<u>Business-type activities:</u>	
Utilities	\$ 2,390,461
Airport	<u>474,640</u>
Total depreciation expense – business-type activities	<u>\$ 2,865,101</u>

(9) COMMITMENTS

The local electric company owns and leases to the City certain street lighting facilities. In 1986, the City renegotiated the lease agreement, which expired in December 2001 but automatically renews for one-year intervals until cancelled. The City has no intention of canceling this lease at this time. The total amount paid by the City for street lighting under this agreement was approximately \$619,000 for the year ended June 30, 2012.

The City has a contract with a sanitation disposal company to provide garbage collection services to City residents. In January 2011, the City resumed a recycling program with this sanitation disposal company. This contract, which expires June 30, 2014, requires the City to pay a monthly fee of \$15.38 per household for garbage collection and \$2.78 for recycling service. The City in turn bills a monthly fee of approximately \$8.46 per household for garbage collection and \$2.78 per household for recycling and collects a 4.33 mill property tax for garbage collection in accordance with the voter-approved proposition. The City paid approximately \$1,776,000 for garbage collection and \$321,000 for recycling under this contract during the year ended June 30, 2012.

(10) CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

(10) CONTINGENCIES (CONTINUED)

The City is a defendant in a number of claims and lawsuits resulting principally from personal injury, property damage, and construction claims. The City Attorney and the outside administrator have reviewed these claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the City and to arrive at an estimate, if any, of the amount or range of potential loss to the City. As a result of such review, the various claims and lawsuits have been categorized into "probable," "reasonably possible," and "remote" contingencies, as defined in National Council on Governmental Accounting Statement No. 4 for Claims and Judgments. The City's "reasonably possible" loss contingencies at June 30, 2012 was approximately \$100,000. As of June 30, 2012, the amount of "probable" loss contingencies accrued in the accompanying financial statements totaled approximately \$564,000.

(11) RISK MANAGEMENT

The City is exposed to various risks of loss related to thefts of, damage to, and destruction of assets, errors and omissions, negligent acts of law enforcement officials and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims did not exceed insurance coverage for fiscal years ended June 30, 2012, 2011 and 2010.

The City is also self-insured with excess coverage in these areas: (a) workers' compensation with \$400,000 retention and statutory limit on coverage, (b) general liability with \$100,000 retention per occurrence and a \$2,000,000 limit per occurrence and \$2,000,000 aggregate limit on coverage, (c) auto liability with \$100,000 retention per accident and a \$2,000,000 per occurrence. The City also has an aggregate limit of \$3,000,000 for workers' compensation claims and an annual stop loss of \$550,000 for general liability and auto liability combined. The City is self-insured for employee medical insurance with \$70,000 retention per individual and an aggregate stop loss of \$3,624,219.

The City uses the General Fund to account for self-insured risk financing activities. The liability for claims in excess of amounts payable with expendable available resources is recorded in the governmental activities in the Statement of Net Assets. The Sales Tax Fund and the Enterprise Funds make contributions to the General Fund for claims. Estimated losses from claims are recorded when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The expenditure and liability includes an amount for claims that have been incurred but not yet reported. The liability for claims is based on the estimated ultimate cost of settling the claims using past experience adjusted for current trends.

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

(11) RISK MANAGEMENT (CONTINUED)

Changes in the claims liability amounts are as follows:

	<u>Automobile/ General Liability</u>	<u>Workers Compensation</u>	<u>Employee Health/ Dental</u>	<u>Total</u>
Balance, June 30, 2010	\$ 345,672	\$ 642,698	\$ 648,725	\$ 1,637,095
Claims and changes in estimates	152,791	255,011	4,475,309	4,883,111
Claim payments	<u>(91,905)</u>	<u>(225,386)</u>	<u>(4,392,030)</u>	<u>(4,709,321)</u>
Balance, June 30, 2011	406,558	672,323	732,004	1,810,885
Claims and changes in estimates	256,250	254,363	5,522,566	6,033,179
Claim payments	<u>(99,214)</u>	<u>(268,878)</u>	<u>(5,361,060)</u>	<u>(5,729,152)</u>
Balance, June 30, 2012	<u>\$ 563,594</u>	<u>\$ 657,808</u>	<u>\$ 893,510</u>	<u>\$ 2,114,912</u>

(12) OTHER POST EMPLOYMENT BENEFITS

Plan Description

The City's medical/dental and life insurance benefits are provided to employees upon actual retirement. The Plan is a single employer plan. No separate audited postemployment benefit plan report is available for this plan.

The employer pays 100% of the retiree medical/dental coverage for retirees and dependents for those who retired prior to July 1, 2010. For those retiring after June 30, 2010 and hired before September 1, 2008, the employer pays for a portion of the medical/dental coverage for retirees and dependents based on years of service at retirement: 10 or more years, 80%; 20 or more years, 90%; and, 25 or more years, 100%. For those retiring after June 30, 2010 and hired on or after September 1, 2008, the employer pays for a portion of the medical/dental coverage for retirees only (not dependents) based on years of service at retirement: 10 or more years, 55%; 20 or more years, 65%; and, 25 or more years, 75%. The employer also pays for life insurance coverage after retirement (see the section below for more details). Employees (other than Police) are covered by the Municipal Employees' Retirement System, whose retirement eligibility (D.R.O.P. entry) provisions as follows: 25 years of service at any age; or, age 60 and 10 years of service. Police are covered by the Municipal Police Retirement System, whose retirement eligibility (D.R.O.P. entry) provisions as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service. See the section below entitled "Post employment Benefit Plan Eligibility Requirements" for the assumption as to actual retirement.

The valuation of the retiree dental insurance has been combined with the medical with all actuarial assumptions being the same except that there was not any medical trend assumed for dental insurance rates.

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

(12) OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Life insurance coverage is continued to retirees according to a flat schedule: \$10,000 before age 65; \$6,500 from age 65 and below age 70; and, \$5,000 at age 70 and after. The employer pays 100% of the active/retired blended rate of \$0.254 per \$1,000 of insurance. Since GASB No. 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described below to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance.

Contribution Rates

Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Funding Policy

Until 2008, the City recognized the cost of providing post-employment medical benefits (the City's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. Effective with the Fiscal Year beginning July 1, 2008, the City implemented Government Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB No. 45). The funding policy is not to fund the ARC except to the extent of the current year's retiree funding costs.

In Fiscal Years Ending June 30, 2012 and 2011, the City's portion of health care and life insurance funding cost for retired employees totaled \$1,155,673 and \$1,070,068, respectively. These amounts were applied toward the Net OPEB Benefit Obligation as shown in the Net Post-employment Benefit Obligation (Asset) table below.

Annual Required Contribution

The City's annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB No. 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total actuarially computed ARC is as follows:

	<u>2012</u>	<u>2011</u>
Normal Cost	\$ 857,203	\$ 824,234
30-year UAL amortization amount	<u>2,045,873</u>	<u>1,967,185</u>
Annual required contribution (ARC)	<u>\$ 2,903,076</u>	<u>\$ 2,791,419</u>

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

(12) OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Net Post-Employment Benefit Obligation (Asset)

The table below shows the City's Net Other Post-Employment Benefit (OPEB) Obligation (Asset) for year ended June 30, 2012:

	<u>2012</u>	<u>2011</u>
Beginning Net OPEB Obligation 7/1/2011 and 2010	\$ <u>4,370,685</u>	\$ <u>2,697,429</u>
Annual required contribution	2,903,076	2,791,419
Interest on net OPEB obligation	174,827	107,897
ARC adjustment	<u>(252,757)</u>	<u>(155,993)</u>
OPEB Cost	2,825,146	2,743,324
Contribution	-	-
Current year retiree premium	<u>(1,155,673)</u>	<u>(1,070,068)</u>
Change in Net OPEB Obligation	<u>1,669,473</u>	<u>1,673,256</u>
Ending Net OPEB Obligation 6/30/2012 and 2011	\$ <u>6,040,157</u>	\$ <u>4,370,685</u>

The following table shows the City of Slidell's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability (asset):

<u>Fiscal Year Ended</u>	<u>OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$ 2,422,149	41.48	\$ 2,697,429
June 30, 2011	2,743,324	39.01	4,370,685
June 30, 2012	2,825,146	40.91	6,040,157

Funded Status and Funding Progress

In the years ended June 30, 2010, 2011 and 2012, the City made no contributions to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of June 30, 2012, the Actuarial Accrued Liability (AAL) was \$36,792,503, which is defined as that portion, as determined by a particular actuarial cost method (the City uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in fiscal years 2012, 2011 or 2010, the entire actuarial accrued liability of \$36,792,503 was unfunded. Please see the Schedule of Funding Progress of OPEB Plan on Page 59.

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

(12) OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

	<u>2012</u>	<u>2011</u>
Actuarial Accrued Liability (AAL)	\$ 36,792,503	\$ 34,016,737
(AAL)/Actuarial Value of Plan Assets	<u>-</u>	<u>-</u>
Unfunded Act. Accrued Liability (UAAL)	<u>\$ 36,792,503</u>	<u>\$ 34,016,737</u>
Funded Ratio (Act. Val Assets/AAL)	0.00%	0.00%
Covered Payroll (active plan members)	<u>\$ 10,842,309</u>	<u>\$ 11,212,448</u>
UAAL as a percentage of covered payroll	339.34%	303.38%

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the City and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the City and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method

The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

Actuarial Value of Plan Assets

Since the OPEB obligation has not as yet been funded, there are not any assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board Actuarial Standards or Practice No. 6 (ASOP 6), as provided in paragraph No. 125 of GASB Statement No. 45.

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

(12) OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Turnover Rate

An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 18%. The rates for each age are below:

<u>Age</u>	<u>Percent Turnover</u>
18 - 25	30.0%
26 - 40	20.0%
41 - 54	18.0%
55+	10.0%

Post employment Benefit Plan Eligibility Requirements

Based on past experience, it has been assumed that entitlement to benefits will commence three years after earliest retirement eligibility (D.R.O.P entry). The three years represents the three years in the D.R.O.P. Medical benefits are provided to employees upon actual retirement. Employees (other than Police) are covered by the Municipal Employees' Retirement System, whose retirement eligibility (D.R.O.P. entry) provisions as follows: 25 years of service at any age; or, age 60 and 10 years of service. Police are covered by the Municipal Police Retirement System, whose retirement eligible (D.R.O.P. entry) provisions as follows: 25 years of service at any age; or, age 50 and 20 years of service; or, age 55 and 12 years of service.

Investment Return Assumption (Discount Rate)

GASB Statement No. 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits. Since the ARC is not currently funded and not expected to be funded in the near future, we have performed this valuation using a 4% annual investment return assumption.

Health Care Cost Trend Rate

The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration (www.cms.hhs.gov). "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

Mortality Rate

The 1994 Group Annuity Reserving ("94GAR") table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is the published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans.

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

(12) OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Method of Determining Value of Benefits

The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The medical rates provided are "blended" rates for active and retired before Medicare eligibility, so we have estimated the "unblended" rates (as required by GASB No. 45 for valuation purposes) for retirees before Medicare as 130% of the blended rate. The plan's Medicare Advantage rates have been used after age 65.

Inflation Rate

Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases

This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases

The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

Below is a summary of OPEB cost and contributions for the last three fiscal calendar years.

	<u>OPEB Costs and Contributions</u>		
	<u>2010</u>	<u>2011</u>	<u>2012</u>
OPEB Cost	<u>\$ 2,422,149</u>	<u>\$ 2,743,324</u>	<u>\$ 2,825,146</u>
Contribution	<u>-</u>	<u>-</u>	<u>-</u>
Retiree premium	<u>1,004,795</u>	<u>1,070,068</u>	<u>1,155,673</u>
Total contribution and premium	<u>1,004,795</u>	<u>1,070,068</u>	<u>1,155,673</u>
Change in net OPEB obligation	<u>\$ 1,417,354</u>	<u>\$ 1,673,256</u>	<u>\$ 1,669,473</u>
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to costs	41.48%	39.01%	40.91%

CITY OF SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

(13) LEASES

The City is leasing a building which it owns, which it refers to as the DISA Building, to three separate tenants. The DISA Building was acquired by the City in 1996 by an act of donation. The estimated fair market value is \$7,500,000 and has a carrying value as of June 30, 2012 of \$4,627,000. Depreciation expense related to the building for the year ended June 30, 2012 was approximately \$137,000, which was recorded in the government-wide financial statements.

One lease was renewed in June, 2010, and has a term of three years and calls for lease payments of approximately \$150,000 per month. The second lease was renewed in May, 2010, and has a term of three years and calls for lease payments of approximately \$3,300 per month. The third lease was renewed in May, 2009, as a month-to-month lease and calls for lease payments of approximately \$1,480 per month. The total lease revenue to the City for the current fiscal year was approximately \$2,305,000.

(14) SUBSEQUENT EVENT

On July 3, 2012, the City issued \$3,625,000 of Utility Revenue Refunding Bonds. The proceeds of the bonds, together with cash from existing reserve funds of \$598,375 were used to refund Utility Revenue Bonds, Series 1996a and Utilities Revenue Notes, Series 2004. The City achieved a cash flow difference of \$321,000 and an economic gain of approximately \$236,000 as a result of the refunding.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

CITY OF SLIDELL, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgetary Amounts</u>		<u>Actual on</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive (Negative)</u>
<u>REVENUES:</u>				
Taxes:				
Ad valorem	\$ 1,932,667	\$ 1,932,667	\$ 1,952,796	\$ 20,129
Franchise	1,765,000	1,765,000	1,824,971	59,971
Licenses and permits	1,970,000	1,970,000	2,106,164	136,164
Intergovernmental revenues:				
Other state and local governmental revenues	356,000	356,000	434,055	78,055
Fines and forfeitures	298,000	298,000	333,622	35,622
Service charges	363,000	363,000	390,295	27,295
Other revenues, primarily interest	191,000	191,000	256,850	65,850
Total revenues	<u>6,875,667</u>	<u>6,875,667</u>	<u>7,298,753</u>	<u>423,086</u>
<u>EXPENDITURES:</u>				
General government:				
Administrative	521,018	526,276	493,504	32,772
Finance	564,467	570,334	550,570	19,764
Legal	452,785	472,072	459,716	12,356
Data processing	331,355	333,887	319,108	14,779
Purchasing	246,346	248,693	237,971	10,722
Civil service	209,065	219,249	216,312	2,937
Legislative	574,919	578,275	547,726	30,549
Risk management	1,096,752	1,098,230	959,388	138,842
	<u>3,996,707</u>	<u>4,047,016</u>	<u>3,784,295</u>	<u>262,721</u>
Public works:				
Permits	389,547	447,437	402,209	45,228
Planning	235,197	240,173	222,294	17,879
	<u>624,744</u>	<u>687,610</u>	<u>624,503</u>	<u>63,107</u>
Public safety:				
Police	7,323,379	7,404,979	7,265,208	139,771
Judicial system				
	<u>346,034</u>	<u>366,697</u>	<u>361,443</u>	<u>5,254</u>
Total expenditures	<u>12,290,864</u>	<u>12,506,302</u>	<u>12,035,449</u>	<u>470,853</u>
Excess (deficiency) of revenues over (under) expenditures	(5,415,197)	(5,630,635)	(4,736,696)	893,939

CITY OF SLIDELL, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgetary Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	5,446,422	4,807,888	4,807,888	-
Transfers out	(31,225)	(31,225)	(31,225)	-
Total other financing sources	<u>5,415,197</u>	<u>4,776,663</u>	<u>4,776,663</u>	<u>-</u>
Net change in fund balance	-	(853,972)	39,967	893,939
Fund balances, beginning of year	<u>4,573,562</u>	<u>4,573,562</u>	<u>4,573,562</u>	<u>-</u>
Fund balances, end of year	<u>\$ 4,573,562</u>	<u>\$ 3,719,590</u>	<u>\$ 4,613,529</u>	<u>\$ 893,939</u>

*Note: The Actual on Budgetary Basis amounts above reflect the modified accrual basis of accounting, except that state supplemental pay for police (\$481,817) is not reflected above in revenues and expenditures.

The City legally adopts annual budgets for the General Fund and all Special Revenue Funds.

CITY OF SLIDELL, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
SALES TAX FUND
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgetary Amounts</u>		<u>Actual on</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive (Negative)</u>
<u>REVENUES:</u>				
Taxes:				
Sales	\$ 17,233,000	\$ 17,619,000	\$ 17,921,402	\$ 302,402
Ad valorem	406,680	406,680	411,208	4,528
Other state and local revenues	71,000	71,000	71,219	219
Service charges	35,500	35,500	56,411	20,911
Other revenue	4,000	4,000	4,109	109
Total revenues	<u>17,750,180</u>	<u>18,136,180</u>	<u>18,464,349</u>	<u>328,169</u>
<u>EXPENDITURES:</u>				
General government:				
Administrative	3,160,935	3,089,334	2,990,115	99,219
Animal control	374,478	377,673	370,488	7,185
	<u>3,535,413</u>	<u>3,467,007</u>	<u>3,360,603</u>	<u>106,404</u>
Public works:				
Streets, bridges and drainage	2,682,991	2,702,561	2,533,751	168,810
Engineering	582,694	588,861	563,896	24,965
Electrical	230,193	232,283	200,327	31,956
General maintenance	381,298	383,426	326,526	56,900
Vehicle maintenance	672,270	700,955	716,787	(15,832)
	<u>4,549,446</u>	<u>4,608,086</u>	<u>4,341,287</u>	<u>266,799</u>
Public Safety:				
Corrections facility	857,379	896,057	900,861	(4,804)
Regional training facility	314,749	316,879	296,962	19,917
	<u>1,172,128</u>	<u>1,212,936</u>	<u>1,197,823</u>	<u>15,113</u>
Recreation and culture:				
Recreation	1,115,284	1,075,180	1,006,783	68,397
Cultural affairs	284,157	286,172	263,502	22,670
	<u>1,399,441</u>	<u>1,361,352</u>	<u>1,270,285</u>	<u>91,067</u>
Capital outlay	794,764	8,060,340	3,442,584	4,617,756
Total expenditures	<u>11,451,192</u>	<u>18,709,721</u>	<u>13,612,582</u>	<u>5,097,139</u>
Excess (deficiency) of revenues over (under) expenditures	6,298,988	(573,541)	4,851,767	5,425,308

CITY OF SLIDELL, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
BUDGET AND ACTUAL (BUDGETARY BASIS)
SALES TAX FUND
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgetary Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>OTHER FINANCING SOURCES (USES):</u>				
Principle retirement	-	-	(151,069)	(151,069)
Interest and fiscal charges	-	-	(19,428)	(19,428)
Transfers out	<u>(6,298,988)</u>	<u>(5,791,387)</u>	<u>(5,699,418)</u>	<u>91,969</u>
Total other financing uses	<u>(6,298,988)</u>	<u>(5,791,387)</u>	<u>(5,869,915)</u>	<u>(78,528)</u>
Net change in fund balance	-	(6,364,928)	(1,018,148)	5,346,780
Fund balances, beginning of year	<u>11,644,720</u>	<u>11,644,720</u>	<u>11,644,720</u>	<u>-</u>
Fund balances, end of year	<u>\$ 11,644,720</u>	<u>\$ 5,279,792</u>	<u>\$ 10,626,572</u>	<u>\$ 5,346,780</u>

CITY OF SLIDELL, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
GRANTS AND DONATIONS FUND
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgetary Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Intergovernmental revenues	\$ -	\$ 23,921,809	\$ 5,705,128	\$ (18,216,681)
Contributions	-	<u>511,501</u>	<u>377,895</u>	<u>(133,606)</u>
Total revenues	-	<u>24,433,310</u>	<u>6,083,023</u>	<u>(18,350,287)</u>
<u>EXPENDITURES:</u>				
General government	-	20,265	19,052	1,213
Public works	-	11,486,152	1,110,663	10,375,489
Public safety	-	213,761	172,674	41,087
Recreation and culture	-	384,548	324,369	60,179
Capital outlay	-	<u>12,328,584</u>	<u>4,442,554</u>	<u>7,886,030</u>
Total expenditures	-	<u>24,433,310</u>	<u>6,069,312</u>	<u>18,363,998</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	<u>13,711</u>	<u>13,711</u>
<u>OTHER FINANCING SOURCES (USES)</u>	-	-	-	-
Net change in fund balance	-	-	13,711	13,711
Fund balance, beginning of year	<u>491,287</u>	<u>491,287</u>	<u>491,287</u>	<u>-</u>
Fund balance, end of year	<u>\$ 491,287</u>	<u>\$ 491,287</u>	<u>\$ 504,998</u>	<u>\$ 13,711</u>

CITY OF SLIDELL, LOUISIANA
SCHEDULE OF FUNDING PROGRESS OF OPEB PLAN
FOR THE YEAR ENDED JUNE 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Cost	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
7/1/2011	\$ -	\$ 36,792,503	\$ 36,792,503	0.00%	\$ 10,842,309	339.34%
7/1/2010	\$ -	\$ 34,016,737	\$ 34,016,737	0.00%	\$ 11,212,448	303.38%
7/1/2009	\$ -	\$ 25,961,933	\$ 25,961,933	0.00%	\$ 11,783,250	220.33%

OTHER SUPPLEMENTARY INFORMATION

CITY OF SLIDELL, LOUISIANA
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

SPECIAL REVENUE FUNDS

Special Revenue funds are used to account for specific revenues that are legally restricted to expenditures for a particular purpose.

Community Development Block Grant Fund – accounts for the proceeds of entitlement grants received from the Department of Housing and Urban Development.

Community Disaster Loan Fund – allows the city to carry on existing governmental functions of a municipal operating character or to expand such functions to meet disaster related needs. During the current year, there was no financial activity in this fund.

DISA Fund – accounts for revenues earned through the lease of a City-owned building which are used for the upkeep and maintenance of the building.

Fremaux Economic Development District Fund – accounts for the incremental tax revenues earned within the Fremaux Economic Development District (“Fremaux EDD”) which are used to fund economic development projects selected by the District.

CAPITAL PROJECTS FUNDS

Capital Projects funds account for the purchase, construction and renovation of the City’s major capital facilities. Their resources are derived principally from proceeds of general obligation or sales tax bonds, certificates of indebtedness and U.S. Government and other agencies grants.

Katrina Fund – accounts for FEMA reimbursements, insurance proceeds and the related costs associated with the storm.

City Capital Construction Fund – was established to account for monies received from an outside agency and proceeds from the sales of City property.

Public Works Fund – accounts for transfers from the DISA Fund.

**CITY OF SLIDELL, LOUISIANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

ASSETS

	Special Revenue				Debt Service	Capital Projects		Total
	Community Development Block Grant	Katrina	DISA	Fremaux EDD	Debt Service	Public Works	City Capital Construction	Nonmajor Governmental Funds
<u>CURRENT ASSETS:</u>								
Investments	\$ -	\$ -	\$ -	\$ -	\$ 2,393,521	\$ -	\$ -	\$ 2,393,521
Other receivables	-	-	31,667	13,727	-	-	-	45,394
Due from other governments								
U.S. Government	16,974	343,715	-	-	-	-	-	360,689
Due from other funds	1,666	2,642,919	1,516,419	-	2,510	1,044,971	22,107	5,230,592
Total assets	<u>\$ 18,640</u>	<u>\$ 2,986,634</u>	<u>\$ 1,548,086</u>	<u>\$ 13,727</u>	<u>\$ 2,396,031</u>	<u>\$ 1,044,971</u>	<u>\$ 22,107</u>	<u>\$ 8,030,196</u>

LIABILITIES AND FUND BALANCES

<u>LIABILITIES:</u>								
Accounts payable and accrued expenditures	\$ 18,640	\$ 371,933	\$ 9,975	\$ -	\$ 400,548	\$ -	\$ -	\$ 400,548
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	<u>18,640</u>	<u>371,933</u>	<u>9,975</u>	<u>-</u>	<u>400,548</u>	<u>-</u>	<u>-</u>	<u>400,548</u>
<u>FUND BALANCES:</u>								
Restricted for:								
Fremaux EDD	-	-	-	13,727	-	-	-	13,727
Debt service	-	-	-	-	2,396,031	-	-	2,396,031
Committed to:								
Capital outlay	-	-	1,102,838	-	-	1,044,971	22,107	2,169,916
Contingencies	-	-	294,135	-	-	-	-	294,135
Assigned to:								
Public improvements	-	-	141,138	-	-	-	-	141,138
Recovery	-	2,614,701	-	-	-	-	-	2,614,701
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>2,614,701</u>	<u>1,538,111</u>	<u>13,727</u>	<u>2,396,031</u>	<u>1,044,971</u>	<u>22,107</u>	<u>7,629,648</u>
 Total liabilities and fund balances	<u>\$ 18,640</u>	<u>\$ 2,986,634</u>	<u>\$ 1,548,086</u>	<u>\$ 13,727</u>	<u>\$ 4,567,087</u>	<u>\$ 2,396,031</u>	<u>\$ 1,044,971</u>	<u>\$ 8,030,196</u>

See Auditors' Report

CITY OF SLIDELL, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue				Debt Service	Capital Projects		Total	
	Community Development Block Grant	Katrina	DISA	Fremaux EDD	Total	Debt Service	Public Works	City Capital Construction	Nonmajor Governmental Funds
REVENUES:									
Taxes	\$ -	\$ -	\$ -	\$ (2,314)	\$ (2,314)	\$ 1,502,278	\$ -	\$ -	\$ 1,499,964
Intergovernmental revenues									
Federal/state grants	592,800	3,771,045	-	-	4,363,845	-	-	-	4,363,845
Service charges	-	-	2,304,684	-	2,304,684	-	-	-	2,304,684
Other revenues, primarily interest and tuition	-	-	-	-	-	4,260	-	-	4,260
Total revenues	<u>592,800</u>	<u>3,771,045</u>	<u>2,304,684</u>	<u>(2,314)</u>	<u>6,666,215</u>	<u>1,506,538</u>	<u>-</u>	<u>-</u>	<u>8,172,753</u>
EXPENDITURES:									
General government	22,453	112,849	983,386	-	1,118,688	14,517	-	-	1,133,205
Debt Service:									
Principal retirement	-	-	-	-	-	2,351,856	-	-	2,351,856
Interest and fiscal charges	-	-	-	-	-	938,194	-	-	938,194
Capital outlay	<u>570,347</u>	<u>2,562,572</u>	<u>26,204</u>	<u>-</u>	<u>3,159,123</u>	<u>-</u>	<u>899,106</u>	<u>1,096</u>	<u>4,059,325</u>
Total expenditures	<u>592,800</u>	<u>2,675,421</u>	<u>1,009,590</u>	<u>-</u>	<u>4,277,811</u>	<u>3,304,567</u>	<u>899,106</u>	<u>1,096</u>	<u>8,482,580</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>1,095,624</u>	<u>1,295,094</u>	<u>(2,314)</u>	<u>2,388,404</u>	<u>(1,798,029)</u>	<u>(899,106)</u>	<u>(1,096)</u>	<u>(309,827)</u>
OTHER FINANCING SOURCES (USES):									
Transfers in	-	-	-	-	-	1,803,900	813,960	-	2,617,860
Transfers out	<u>-</u>	<u>-</u>	<u>(813,960)</u>	<u>-</u>	<u>(813,960)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(813,960)</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>(813,960)</u>	<u>-</u>	<u>(813,960)</u>	<u>1,803,900</u>	<u>813,960</u>	<u>-</u>	<u>1,803,900</u>
Net change in fund balances	-	1,095,624	481,134	(2,314)	1,574,444	5,871	(85,146)	(1,096)	1,494,073
Fund balances, beginning of year	<u>-</u>	<u>1,519,077</u>	<u>1,056,977</u>	<u>16,041</u>	<u>2,592,095</u>	<u>2,390,160</u>	<u>1,130,117</u>	<u>23,203</u>	<u>6,135,575</u>
Fund balances, end of year	\$ -	\$ 2,614,701	\$ 1,538,111	\$ 13,727	\$ 4,166,539	\$ 2,396,031	\$ 1,044,971	\$ 22,107	\$ 7,629,648

See Auditors' Report

CITY OF SLIDELL, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgetary Amounts</u>		<u>Actual on</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive (Negative)</u>
<u>REVENUES:</u>				
Intergovernmental revenues	\$ 195,000	\$ 722,612	\$ 592,800	\$ (129,812)
Total revenues	195,000	722,612	592,800	(129,812)
<u>EXPENDITURES:</u>				
General government	-	34,862	22,453	12,409
Capital outlay	539,007	687,750	570,347	117,403
Total expenditures	539,007	722,612	592,800	129,812
Excess (deficiency) of revenues over (under) expenditures	(344,007)	-	-	-
<u>OTHER FINANCING SOURCES (USES)</u>	-	-	-	-
Net change in fund balance	(344,007)	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ (344,007)	\$ -	\$ -	\$ -

CITY OF SLIDELL, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
KATRINA FUND
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgetary Amounts</u>		<u>Actual on</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive (Negative)</u>
<u>REVENUES:</u>				
Intergovernmental revenues	\$ -	\$ 3,405,337	\$ 3,771,045	\$ 365,708
Total revenues	-	3,405,337	3,771,045	365,708
<u>EXPENDITURES:</u>				
General government	-	125,388	112,849	12,539
Public works	-	-	-	-
Capital outlay	-	3,279,949	2,562,572	717,377
Total expenditures	-	3,405,337	2,675,421	729,916
Excess (deficiency) of revenues over (under) expenditures	-	-	1,095,624	1,095,624
<u>OTHER FINANCING SOURCES (USES)</u>	-	-	-	-
Net change in fund balance	-	-	1,095,624	1,095,624
Fund balance, beginning of year	1,519,077	1,519,077	1,519,077	-
Fund balance, end of year	\$ 1,519,077	\$ 1,519,077	\$ 2,614,701	\$ 1,095,624

See Auditors' Report

CITY OF SLIDELL, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
DISA FUND
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgetary Amounts</u>		<u>Actual on</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive (Negative)</u>
<u>REVENUES:</u>				
Service charges	\$ 2,333,000	\$ 2,333,000	\$ 2,304,684	\$ (28,316)
Total revenues	<u>2,333,000</u>	<u>2,333,000</u>	<u>2,304,684</u>	<u>(28,316)</u>
<u>EXPENDITURES:</u>				
General government	1,152,838	1,152,838	983,386	169,452
Capital outlay	<u>739,202</u>	<u>1,423,177</u>	<u>26,204</u>	<u>1,396,973</u>
Total expenditures	<u>1,892,040</u>	<u>2,576,015</u>	<u>1,009,590</u>	<u>1,566,425</u>
Excess (deficiency) of revenues over (under) expenditures	440,960	(243,015)	1,295,094	1,538,109
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(440,960)</u>	<u>(813,960)</u>	<u>(813,960)</u>	<u>-</u>
Total other financing sources (uses)	<u>(440,960)</u>	<u>(813,960)</u>	<u>(813,960)</u>	<u>-</u>
Net change in fund balance	-	(1,056,975)	481,134	1,538,109
Fund balance, beginning of year	<u>1,056,977</u>	<u>1,056,977</u>	<u>1,056,977</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,056,977</u>	<u>\$ 2</u>	<u>\$ 1,538,111</u>	<u>\$ 1,538,109</u>

CITY OF SLIDELL, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
FREMAUX EDD FUND
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgetary Amounts</u>		<u>Actual on</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive (Negative)</u>
<u>REVENUES:</u>				
Taxes	\$ -	\$ -	\$ (2,314)	\$ (2,314)
Total revenues	-	-	(2,314)	(2,314)
<u>EXPENDITURES:</u>				
General government	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	(2,314)	(2,314)
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	(2,314)	(2,314)
Fund balance, beginning of year	16,041	16,041	16,041	-
Fund balance, end of year	\$ 16,041	\$ 16,041	\$ 13,727	\$ (2,314)

**CITY OF SLIDELL, LOUISIANA
FIDUCIARY FUND
JUNE 30, 2012**

AGENCY FUND

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations and/or other funds.

Animal Assistance League of Slidell - This fund is used for the care and protection of stray animals.

CITY OF SLIDELL, LOUISIANA
COMBINING STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUND
JUNE 30, 2012

	Agency Funds
	Animal Assistance League of Slidell
<u>ASSETS:</u>	
Cash and cash equivalents	\$ 1,050
Restricted cash	94,028
Due from general fund	<u>58,047</u>
 Total assets	 <u>\$ 153,125</u>
<u>LIABILITIES:</u>	
Accounts payable	\$ 2,692
Due to local entities	<u>150,433</u>
 Total liabilities	 <u>\$ 153,125</u>

See Auditors' Report

CITY OF SLIDELL, LOUISIANA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2012

ANIMAL ASSISTANCE LEAGUE OF SLIDELL

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>ASSETS:</u>				
Cash and cash equivalents	\$ 1,050	\$ -	\$ -	\$ 1,050
Restricted cash	98,885	-	4,857	94,028
Due from general fund	<u>73,513</u>	<u>-</u>	<u>15,466</u>	<u>58,047</u>
 Total assets	 <u>\$ 173,448</u>	 <u>\$ -</u>	 <u>\$ 20,323</u>	 <u>\$ 153,125</u>
 <u>LIABILITIES:</u>				
Accounts payable	\$ 4,913		\$ 2,221	\$ 2,692
Due to local entities	<u>168,535</u>	<u>42,562</u>	<u>60,664</u>	<u>150,433</u>
 Total liabilities	 <u>\$ 173,448</u>	 <u>\$ 42,562</u>	 <u>\$ 62,885</u>	 <u>\$ 153,125</u>

SUPPORTING SCHEDULES

CITY OF SLIDELL, LOUISIANA
SCHEDULE OF FUNCTIONAL EXPENDITURES BY DEPARTMENT (BUDGETARY BASIS)
GENERAL FUND
FOR YEAR ENDED JUNE 30, 2012

	Salaries, Wages and Related Benefits	Contract Services	Supplies and Materials	Equipment	Community Service	Legal Fees and Claims	Other	Total
Administrative	\$ 451,249	\$ 37,758	\$ 4,455	\$ 42	\$ -	\$ -	\$ -	\$ 493,504
Finance	480,865	45,648	22,419	1,638	-	-	-	550,570
Legal	181,152	49,897	3,323	344	-	-	225,000	459,716
Police	6,911,962	82,408	268,571	2,267	-	-	-	7,265,208
Data processing	233,925	602	84,581	-	-	-	-	319,108
Purchasing	227,096	3,521	6,433	921	-	-	-	237,971
Risk management	867,105	25,203	5,980	100	61,000	-	-	959,388
Permits	366,892	23,503	9,771	2,043	-	-	-	402,209
Civil service	157,539	43,081	14,937	755	-	-	-	216,312
City Marshall	91,146	7,729	2,000	-	-	-	-	100,875
City Prosecutor	143,617	4,797	3,210	368	-	-	-	151,992
Planning	210,529	3,803	7,153	809	-	-	-	222,294
City Court	103,639	-	3,268	1,669	-	-	-	108,576
Legislative	456,068	82,905	8,753	-	-	-	-	547,726
Total expenditures	\$ 10,882,784	\$ 410,855	\$ 444,854	\$ 10,956	\$ 61,000	\$ -	\$ 225,000	\$ 12,035,449

*Note: The Actual on Budgetary Basis amounts above reflect the modified accrual basis of accounting, except that state supplemental pay for police (\$481,817) is not reflected above in revenues or expenditures.

CITY OF SLIDELL, LOUISIANA
SCHEDULE OF FUNCTIONAL EXPENDITURES BY DEPARTMENT (BUDGETARY BASIS)
SALES TAX FUND
FOR YEAR ENDED JUNE 30, 2012

	Salaries, Wages and Related Benefits	Contract Services	Supplies and Materials	Equipment	Claims	Museum/ Arts Evening	Heritage Festival	Training Academy	Total
Corrections facility	\$ 794,915	\$ 58,133	\$ 46,835	\$ 978	\$ -	\$ -	\$ -	\$ -	\$ 900,861
Regional training facility	208,894	43,213	16,074		-	-	-	28,781	296,962
Administrative	711,100	2,250,835	7,707	138	20,335	-	-	-	2,990,115
Vehicle maintenance	331,467	19,671	358,239	7,410	-	-	-	-	716,787
Streets, bridges and drainage	1,899,406	102,798	529,497	2,050	-	-	-	-	2,533,751
Parks and recreation	698,731	139,116	159,436	4,500	-	-	5,000	-	1,006,783
General maintenance	218,257	15,712	71,220	21,337	-	-	-	-	326,526
Arts council	181,531	37,821	19,562	540	-	24,048	-	-	263,502
Engineering	532,624	6,421	23,851	1,000	-	-	-	-	563,896
Animal control	352,325	3,214	14,949	-	-	-	-	-	370,488
Electrical	188,621	1,665	10,041	-	-	-	-	-	200,327
Total expenditures	\$ 6,117,871	\$ 2,678,599	\$ 1,257,411	\$ 37,953	\$ 20,335	\$ 24,048	\$ 5,000	\$ 28,781	\$ 10,169,998

CITY OF SLIDELL, LOUISIANA
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Description	State Grant Number	Program Grant Award	Disbursements/ Expenditures
DEPARTMENT OF CULTURE, RECREATION, AND TOURISM			
Office of Cultural Development			
Main Street Operating Grant	12-UM-03	\$ 13,500	\$ 13,500
Main to Main Cultural Road Show	-	4,500	4,500
Subgrant through St. Tammany Arts Commission			
Decentralized Arts Funding FY12	FY12-08	15,250	15,250
Subgrant through St. Tammany Parish Tourist and Convention Commission			
Auditorium Tables and Chairs	-	19,313	<u>19,313</u>
TOTAL DEPARTMENT OF CULTURE, RECREATION AND TOURISM			<u>52,563</u>
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT			
Office of Public Works			
Maintenance Division			
Highway Maintenance Grant	737-08-12	16,040	16,040
Maintenance Assistance Reimbursement for Airport	977-99-0118	3,225	3,215
Division of Aviation			
Runway Safety Foreign Object Debris Control	977-990120	6,285	-
N Apron/Taxiway A		42,215	4,677
Airport Security Gate	H.009697	3,769	<u>3,642</u>
TOTAL DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT			<u>27,574</u>
OFFICE OF FACILITY PLANNING AND CONTROL			
W-14 Culverting Project	50-MR9-07B-01	1,990,000	<u>850</u>
TOTAL OFFICE OF FACILITY PLANNING AND CONTROL			<u>850</u>
DEPARTMENT OF TREASURY			
Subgrant through the St. Tammany Parish Tourist and Convention Commission			
Heritage Park Dressing Rooms	-	36,000	<u>8,384</u>
TOTAL DEPARTMENT OF TREASURY			<u>8,384</u>
TOTAL STATE GRANTS			<u>\$ 89,371</u>

CITY OF SLIDELL, LOUISIANA
SCHEDULE OF COUNCILPERSONS' COMPENSATION
FOR YEAR ENDED JUNE 30, 2012

<u>COUNCILPERSON</u>	<u>COMPENSATION</u>
L. Landon Cusimano	\$ 18,750
Kim Baronet Harbison	18,750
Lionel Hicks	18,750
Sam Abney	18,750
Buddy Lloyd	18,750
Joe Fraught	18,750
Sam Caruso	18,750
Jay Newcomb	18,750
Bill Borchert	18,750

STATISTICAL SECTION

CITY OF SLIDELL, LOUISIANA

STATISTICAL SECTION

This part of the City of Slidell's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's

Contents

Tables

Financial Trends

1 - 5

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

6 - 9

These schedules contain information to help the reader assess the City's property tax.

Debt Capacity

11 - 14

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the city's ability to issue additional debt in the future.

Demographic and Economic Information

15 - 16

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

17 - 19

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the city provides and the activities it performs.

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement No. 34 in fiscal year 2003; tables presenting government-wide information include

CITY OF SLIDELL, LOUISIANA
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

TABLE I

	Fiscal Year							
	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities								
Invested in capital assets, net of related debt	\$ 37,065,062	\$ 37,365,203	\$ 42,037,827	\$ 50,303,228	\$ 61,334,324	\$ 79,841,867	\$ 88,377,938	\$ 96,377,271
Restricted	4,710,372	4,546,505	4,252,595	2,544,719	3,439,748	14,041,419	4,447,007	2,268,579
Unrestricted	4,668,936	8,643,415	9,016,103	17,349,944	15,295,234	2,167,967	11,040,772	11,275,798
Total governmental activities net assets	\$ 46,444,370	\$ 50,555,123	\$ 55,306,525	\$ 70,197,891	\$ 80,069,306	\$ 96,051,253	\$ 103,865,717	\$109,921,648
Business-Type Activities								
Invested in capital assets, net of related debt	\$ 38,715,846	\$ 39,917,678	\$ 41,218,252	\$ 42,827,531	\$ 40,501,548	\$ 43,457,832	\$ 44,074,766	\$ 44,870,637
Restricted	1,055,470	1,028,200	1,094,221	3,154,790	1,583,578	1,160,704	1,030,629	1,020,672
Unrestricted	2,544,072	4,724,879	3,590,748	488,503	4,868,813	5,466,652	6,396,677	5,393,149
Total business-type activities net assets	\$ 42,315,388	\$ 45,670,757	\$ 45,903,221	\$ 46,470,824	\$ 46,953,939	\$ 50,085,188	\$ 51,502,072	\$ 51,284,458
Primary Government								
Invested in capital assets, net of related debt	\$ 75,780,908	\$ 77,282,881	\$ 83,256,079	\$ 93,130,759	\$101,835,872	\$123,299,699	\$132,452,704	\$141,247,908
Restricted	5,765,842	5,574,705	5,346,816	5,699,509	5,023,326	15,202,123	5,477,636	3,289,251
Unrestricted	7,213,008	13,368,294	12,606,851	17,838,447	20,164,047	7,634,619	17,437,449	16,668,947
Total primary government net assets	\$ 88,759,758	\$ 96,225,880	\$ 101,209,746	\$ 116,668,715	\$127,023,245	\$146,136,441	\$155,367,789	\$161,206,106

CITY OF SLIDELL, LOUISIANA
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

TABLE 2

Expenses	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:								
General government	\$ 6,779,783	\$ 7,018,624	\$ 8,078,341	\$ 9,076,962	\$ 9,729,025	\$ 9,707,627	\$ 9,303,729	\$ 9,283,019
Public works	11,488,260	20,579,939	13,893,261	11,366,623	11,141,279	10,755,204	11,528,312	11,428,558
Public safety	7,901,314	12,213,647	9,836,342	10,075,755	9,505,618	9,753,105	10,488,683	10,110,483
Recreation and Culture	1,408,873	1,525,241	1,996,220	2,116,497	2,346,960	2,389,670	2,191,622	2,644,291
Judicial system	307,130	288,135	331,533	352,926	404,717	410,671	404,146	420,504
Interest on long-term debt	1,013,468	897,645	921,160	819,182	666,292	538,794	838,176	709,649
Total governmental activities expenses	28,898,828	42,523,231	35,056,857	33,807,945	33,793,891	33,555,071	34,754,668	34,596,504
Business-type activities:								
Utilities	8,113,782	8,356,282	8,932,260	8,914,670	9,331,791	9,500,931	9,598,912	10,078,812
Airport	416,260	456,779	517,110	581,366	657,650	693,333	695,313	1,120,767
Total business-type activities expenses	8,530,042	8,813,061	9,449,370	9,496,036	9,989,441	10,194,264	10,294,225	11,199,579
Total primary government expenses	\$ 37,428,870	\$ 51,336,292	\$ 44,506,227	\$ 43,303,981	\$ 43,783,332	\$ 43,749,335	\$ 45,048,893	\$ 45,796,083
Program Revenues								
Governmental activities:								
Charges for services:								
General government	\$ 2,078,466	\$ 1,736,424	\$ 2,231,265	\$ 4,257,489	\$ 4,239,152	\$ 4,321,647	\$ 4,206,584	\$ 4,215,048
Public works	315,598	606,112	610,881	459,014	637,713	288,869	231,106	335,367
Public safety	350,433	372,520	522,197	1,080,721	968,232	948,598	1,283,631	1,035,330
Recreation and Culture	69,030	29,832	18,310	20,010	16,100	13,925	20,800	18,255
Judicial system	12,020	7,414	9,701	12,799	10,353	9,739	7,740	35,007
Operating grants and contribution								
General government	42,257	300,096	281,505	315,006	477,311	598,837	381,983	577,479
Public works	114,440	8,862,393	1,758,518	1,527,622	5,255,020	766,727	873,531	1,081,905
Public safety	341,841	6,324,254	276,773	1,685,409	500,673	1,239,293	589,341	585,052
Recreation and Culture	-	2,000	31,400	142,564	21,878	21,350	51,165	61,817
Judicial system	-	-	-	-	-	-	-	-
Capital grants and contributions								
General government	838	-	-	51,976	1,727,893	3,249,389	3,186,209	500,783
Public works	2,709,516	4,219,647	3,155,097	9,953,231	3,687,074	12,685,634	2,057,035	5,741,151
Public safety	71,728	107,398	497,159	1,233,775	50,002	279,584	95,178	241,128
Recreation and Culture	38,859	5,000	54,613	65,808	177,443	603,937	5,128,197	1,385,479
Judicial system	-	3,077	-	-	-	-	-	-
Total governmental activities program revenues	6,145,026	22,576,167	9,447,419	20,805,424	17,768,844	25,027,529	18,112,500	15,813,801

CITY OF SLIDELL, LOUISIANA
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS - CONTINUED
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

TABLE 2

	2005	2006	2007	2008	2009	2010	2011	2012
Business-type activities:								
Charges for services:								
Utilities	7,561,710	6,501,273	7,811,524	8,140,057	8,545,599	8,525,779	9,081,628	9,301,875
Airport	55,891	38,036	41,072	100,163	101,319	118,042	83,344	640,733
Capital grants and contributions								
Utilities	674,187	1,141,311	1,194,808	227,484	288,078	2,220,503	876,315	113,113
Airport	1,176,833	1,834,709	533,739	410,721	88,251	1,098,301	62,055	119,595
Total business-type activities program revenues	<u>9,468,621</u>	<u>9,515,329</u>	<u>9,581,143</u>	<u>8,878,425</u>	<u>9,023,247</u>	<u>11,962,625</u>	<u>10,103,342</u>	<u>10,175,316</u>
Total primary government program revenues	<u>\$ 15,613,647</u>	<u>\$ 32,091,496</u>	<u>\$ 19,028,562</u>	<u>\$ 29,683,849</u>	<u>\$ 26,792,091</u>	<u>\$ 36,990,154</u>	<u>\$ 28,215,842</u>	<u>\$ 25,989,117</u>
Net (expense)/revenue								
Governmental activities	\$ (22,753,802)	\$ (19,947,064)	\$ (25,609,438)	\$ (13,002,521)	\$ (16,025,047)	\$ (8,527,542)	\$ (16,642,168)	\$ (18,782,703)
Business-type activities	<u>938,579</u>	<u>702,268</u>	<u>131,773</u>	<u>(617,611)</u>	<u>(966,194)</u>	<u>1,768,361</u>	<u>(190,883)</u>	<u>(1,024,263)</u>
Total primary government net expense	<u>\$ (21,815,223)</u>	<u>\$ (19,244,796)</u>	<u>\$ (25,477,665)</u>	<u>\$ (13,620,132)</u>	<u>\$ (16,991,241)</u>	<u>\$ (6,759,181)</u>	<u>\$ (16,833,051)</u>	<u>\$ (19,806,966)</u>
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Taxes:								
Ad valorem	\$ 3,718,279	\$ 3,004,230	\$ 3,227,268	\$ 3,391,577	\$ 3,854,291	\$ 3,974,834	\$ 3,991,512	\$ 3,866,282
Sales and use	18,093,876	23,569,352	22,610,447	21,130,329	19,178,627	17,911,488	17,980,547	17,919,089
Franchise	1,593,815	1,612,976	1,826,061	2,000,835	2,007,030	1,789,043	1,903,308	1,824,971
Beer	68,401	113,345	88,434	106,212	71,468	67,216	57,622	70,766
Investment earnings	283,569	623,732	816,927	827,026	407,632	223,125	264,362	249,765
Miscellaneous	120,879	42,289	293,452	91,331	22,272	87,022	41,850	26,616
Transfers	<u>350,084</u>	<u>(2,178,341)</u>	<u>1,498,251</u>	<u>346,577</u>	<u>355,142</u>	<u>456,761</u>	<u>217,430</u>	<u>881,145</u>
Total governmental activities	<u>24,228,903</u>	<u>26,787,583</u>	<u>30,360,840</u>	<u>27,893,887</u>	<u>25,896,462</u>	<u>24,509,489</u>	<u>24,456,631</u>	<u>24,838,634</u>
Business-type activities:								
Taxes:								
Ad valorem	1,541,928	1,327,884	1,426,468	1,445,932	1,740,852	1,796,502	1,804,360	1,669,640
Investment earnings	46,066	142,607	163,425	77,540	56,591	14,277	4,155	3,156
Miscellaneous	-	-	9,049	8,319	7,008	8,870	16,682	14,998
Transfers	<u>(350,084)</u>	<u>2,178,341</u>	<u>(1,498,251)</u>	<u>(346,577)</u>	<u>(355,142)</u>	<u>(456,761)</u>	<u>(217,430)</u>	<u>(881,145)</u>
Total business-type activities	<u>1,237,910</u>	<u>3,648,832</u>	<u>100,691</u>	<u>1,185,214</u>	<u>1,449,309</u>	<u>1,362,888</u>	<u>1,607,767</u>	<u>806,649</u>
Total primary government	<u>\$ 25,466,813</u>	<u>\$ 30,436,415</u>	<u>\$ 30,461,531</u>	<u>\$ 29,079,101</u>	<u>\$ 27,345,771</u>	<u>\$ 25,872,377</u>	<u>\$ 26,064,398</u>	<u>\$ 25,645,283</u>
Changes in Net Assets								
Governmental activities	\$ 1,475,101	\$ 6,840,519	\$ 4,751,402	\$ 14,891,366	\$ 9,871,415	\$ 15,981,947	\$ 7,814,463	\$ 6,055,931
Business-type activities	<u>2,176,489</u>	<u>4,351,100</u>	<u>232,464</u>	<u>567,603</u>	<u>483,115</u>	<u>3,131,249</u>	<u>1,416,884</u>	<u>(217,614)</u>
Total primary government	<u>\$ 3,651,590</u>	<u>\$ 11,191,619</u>	<u>\$ 4,983,866</u>	<u>\$ 15,458,969</u>	<u>\$ 10,354,530</u>	<u>\$ 19,113,196</u>	<u>\$ 9,231,347</u>	<u>\$ 5,838,317</u>

CITY OF SLIDELL, LOUISIANA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

TABLE 3

<u>Fiscal Year</u>	<u>Sales Tax</u>	<u>Property Tax</u>	<u>Franchise Tax</u>	<u>Alcoholic Beverage Tax</u>	<u>Total</u>
2003	16,179,798	3,403,820	1,402,415	98,955	21,084,988
2004	17,387,481	3,491,884	1,500,117	76,643	22,456,125
2005	18,093,876	3,718,279	1,593,815	68,401	23,474,371
2006	23,569,352	3,004,230	1,612,976	113,345	28,299,904
2007	22,610,447	3,227,268	1,826,061	88,434	27,752,209
2008	21,130,329	3,391,577	1,444,166	50,831	26,016,902
2009	19,178,628	3,854,291	2,007,030	71,468	25,111,418
2010	17,896,150	3,974,834	1,789,043	67,216	23,727,243
2011	18,013,281	3,991,512	1,903,308	57,622	23,965,723
2012	17,921,402	3,866,282	1,824,971	70,766	23,683,421

CITY OF SLIDELL, LOUISIANA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

TABLE 4

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General fund										
Reserved	\$ 928,537	\$ 467,219	\$ 1,060,839	\$ 1,445,750	\$ 1,579,433	\$ 1,613,325	\$ 1,651,152	\$ 1,582,510	\$ -	\$ -
Unreserved	2,237,456	2,783,512	2,223,158	3,431,007	3,164,832	3,524,088	3,446,072	2,756,461	-	-
Nonspendable	-	-	-	-	-	-	-	-	1,432,377	1,601,902
Restricted	-	-	-	-	-	-	-	-	275,000	275,000
Committed to	-	-	-	-	-	-	-	-	819,500	901,000
Assigned to	-	-	-	-	-	-	-	-	1,079,188	1,448,369
Unassigned	-	-	-	-	-	-	-	-	967,497	387,258
Total general fund	\$ 3,165,993	\$ 3,250,731	\$ 3,283,997	\$ 4,876,757	\$ 4,744,265	\$ 5,137,413	\$ 5,097,224	\$ 4,338,971	\$ 4,573,562	\$ 4,613,529
All other governmental funds										
Reserved	\$ 4,157,525	\$ 3,888,109	\$ 3,687,572	\$ 3,419,424	\$ 3,359,780	\$ 3,402,614	\$ 3,104,748	\$ 3,901,853	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	3,773,106	4,443,627	4,887,773	2,494,713	7,207,873	14,230,778	15,327,413	24,876,646	-	-
Capital projects funds	219	1,126,245	600,207	173,154	86,911	23,203	527,459	299,427	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	14,355,948	12,466,011
Committed to	-	-	-	-	-	-	-	-	9,882,355	9,815,311
Assigned to	-	-	-	-	-	-	-	-	3,836,684	4,625,721
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 7,930,850	\$ 9,457,981	\$ 9,175,552	\$ 6,087,291	\$ 10,654,564	\$ 17,656,595	\$ 18,959,620	\$ 29,077,926	\$ 28,074,987	\$ 26,907,043

CITY OF SLIDELL, LOUISIANA
CHANGES IN FUNDS BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

TABLE 5

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes and assessments	\$ 20,986,033	\$ 22,379,482	\$ 23,405,970	\$ 28,186,558	\$ 27,663,785	\$ 26,522,742	\$ 25,039,948	\$ 23,675,366	\$ 23,875,367	\$ 23,610,341
Licenses and permits	1,832,260	1,936,449	1,976,248	2,236,326	2,480,141	2,344,813	2,426,706	2,079,238	2,028,220	2,106,164
Intergovernmental revenue	3,079,761	3,912,503	3,008,459	10,832,265	6,791,367	10,937,074	12,747,209	18,862,504	10,942,957	11,056,064
Payment in lieu of taxes	490,000	530,000	-	-	-	-	-	-	-	-
Fines and forfeitures	166,709	205,600	190,920	203,239	260,761	503,042	426,576	394,095	419,421	333,622
Lease revenues	-	-	-	-	257,557	2,518,564	2,606,645	2,696,163	2,885,569	2,751,390
Contributions	55,998	57,356	44,310	210,010	220,795	183,647	413,064	3,543,256	290,730	377,895
Other revenues, primarily interest and tuition	426,358	542,437	882,789	856,869	1,188,999	1,015,615	516,778	320,900	332,993	325,505
Total revenues	\$ 27,037,119	\$ 29,563,827	\$ 29,508,696	\$ 42,525,267	\$ 38,863,405	\$ 44,025,497	\$ 44,176,926	\$ 51,571,522	\$ 40,775,257	\$ 40,560,981
Expenditures										
Current:										
General government	\$ 5,450,424	\$ 5,867,467	\$ 6,317,924	\$ 6,834,294	\$ 7,664,351	\$ 8,355,382	\$ 9,090,386	\$ 8,733,377	\$ 8,330,163	\$ 8,297,155
Public works	4,418,607	4,758,177	5,312,557	11,561,473	7,378,793	6,205,252	6,715,587	6,371,037	6,282,337	6,076,453
Public safety	6,039,456	6,493,685	6,938,466	11,387,959	8,721,948	9,252,271	8,206,178	8,313,735	8,916,071	9,117,522
Parks and recreation	832,994	925,935	973,301	1,228,864	1,554,022	1,664,041	1,786,679	1,698,369	1,644,297	1,594,654
Judicial system	256,934	265,519	266,995	288,039	296,852	321,528	355,259	361,880	334,936	361,443
Debt service:										
Principal	2,840,060	9,337,575	3,430,315	3,002,703	2,987,600	2,727,165	2,799,456	1,807,964	2,140,199	2,502,925
Interest	1,580,337	1,001,094	989,620	839,454	738,698	676,843	535,030	413,769	626,458	957,622
Other charges	-	358,037	123,105	-	-	-	-	166,466	-	-
Capital outlay	6,397,449	6,206,146	5,935,203	9,586,819	7,598,247	7,774,413	13,780,658	24,821,372	13,486,576	13,662,329
Total expenditures	\$ 27,816,261	\$ 35,213,635	\$ 30,287,486	\$ 44,729,605	\$ 36,940,511	\$ 36,976,895	\$ 43,269,233	\$ 52,687,969	\$ 41,761,037	\$ 42,570,103
Excess of revenues over (under) expenditures	(779,142)	(5,649,808)	(778,790)	(2,204,338)	1,922,894	7,048,602	907,693	(1,116,447)	(985,780)	(2,009,122)
Other financing sources (uses)										
Transfers in	\$ 7,534,048	\$ 11,875,064	\$ 7,292,329	\$ 7,672,564	\$ 10,405,460	\$ 6,738,738	\$ 10,146,314	\$ 7,003,160	\$ 7,576,966	\$ 7,425,748
Transfers out	(7,684,639)	(12,062,407)	(6,942,245)	(9,850,905)	(8,907,209)	(6,392,161)	(9,791,171)	(6,546,399)	(7,359,536)	(6,544,603)
Proceeds from the sale of capital assets	-	29,381	86,843	-	-	-	-	-	-	-
Premium on bonds sold	-	183,651	21,231	-	-	-	-	69,739	-	-
Discount on bonds sold	-	(5,103)	-	-	-	-	-	-	-	-
Payments to refunded bond escrow agent	-	(10,400,209)	(6,208,931)	-	-	-	-	-	-	-
Issuance of debt	-	17,641,000	6,280,400	-	-	-	-	9,950,000	-	-
Proceeds from insurance	-	-	-	887,178	1,013,636	-	-	-	-	-
Loan proceeds	748,600	-	-	2,000,000	-	-	-	-	-	-
Capital leases	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	598,009	7,261,377	529,627	708,837	2,511,887	346,577	355,143	10,476,500	217,430	881,145
Net change in fund balances	\$ (181,133)	\$ 1,611,569	\$ (249,163)	\$ (1,495,501)	\$ 4,434,781	\$ 7,395,179	\$ 1,262,836	\$ 9,360,053	\$ (768,350)	\$ (1,127,977)
Debt service as a percentage of noncapital expenditures	20.64%	36.88%	18.66%	10.93%	12.70%	11.66%	11.31%	7.97%	9.46%	11.58%

CITY OF SLIDELL, LOUISIANA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 6

Fiscal Year	Real Property		Commercial Personal Property		Public Service Property		Railroad Stock		Total		Total Direct Tax Rate	Assessed Value as a Percentage of Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2003	92,611,245	926,112,450	37,106,374	247,375,827	11,333,002	75,553,347	18,940	126,267	141,069,561	1,249,167,891	34.58	11%
2004	98,695,584	986,955,840	41,714,103	278,094,020	11,041,472	73,609,813	23,610	157,400	151,474,769	1,338,817,073	34.15	11%
2005	115,100,578	1,151,005,780	44,963,551	299,757,007	11,406,435	76,042,900	35,790	238,600	171,506,354	1,527,044,287	31.59	11%
2006	96,017,323	960,173,230	43,868,931	292,459,540	11,447,881	76,319,207	48,030	320,200	151,382,165	1,329,272,177	30.21	11%
2007	101,540,780	1,015,407,800	39,724,153	264,827,687	11,569,868	77,132,453	64,900	432,667	152,899,701	1,357,800,607	30.21	11%
2008	104,096,168	1,040,961,680	45,282,932	301,886,213	12,495,807	83,305,380	77,570	517,133	161,952,477	1,426,670,407	30.98	11%
2009	152,689,219	1,526,892,190	43,196,593	287,977,286	12,867,749	85,784,993	76,810	512,067	208,830,371	1,901,166,536	27.82	11%
2010	158,105,667	1,581,056,670	43,284,871	288,565,807	13,246,268	88,308,453	43,090	287,267	214,679,896	1,958,218,197	27.82	11%
2011	159,545,775	1,595,457,750	40,136,624	267,577,493	13,318,052	88,787,013	76,120	507,467	213,076,571	1,952,329,723	27.82	11%
2012	162,233,882	1,622,338,820	37,314,678	248,764,520	13,016,490	86,776,600	98,340	655,600	212,663,390	1,958,535,540	26.79	11%

Total assessed value is based on the following percentages of estimated actual value:

Residential property	10%
Commercial property	15%
Public service property	15%
Railroad stock	15%

**CITY OF SLIDELL, LOUISIANA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(UNAUDITED)**

TABLE 7

Fiscal Year	Overlapping Rates										
	City of Slidell			Parish			School District			Special Districts	Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total Parish Millage	Operating Millage	Debt Service Millage	Total School Millage		
2003	24.17	10.41	34.58	32.82	-	32.82	61.20	25.90	87.10	45.99	200.49
2004	24.17	9.98	34.15	32.82	-	32.82	61.20	25.90	87.10	48.49	202.56
2005	22.38	9.21	31.59	27.71	-	27.71	50.69	23.90	74.59	47.02	180.91
2006	22.38	7.83	30.21	31.71	-	31.71	55.94	21.90	77.84	56.02	195.78
2007	22.38	7.83	30.21	34.05	-	34.05	55.94	21.90	77.84	56.34	198.44
2008	22.38	8.60	30.98	35.98	-	35.98	55.94	21.90	77.84	56.34	201.14
2009	20.53	7.29	27.82	35.98	-	35.98	47.55	21.90	69.45	48.71	181.96
2010	20.53	7.29	27.82	32.47	-	32.47	47.55	20.90	68.45	49.71	178.45
2011	20.53	7.29	27.82	32.47	-	32.47	47.55	20.90	68.45	47.38	176.12
2012	19.52	7.27	26.79	32.22	-	32.22	47.55	20.90	68.45	48.23	175.69

**CITY OF SLIDELL, LOUISIANA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

TABLE 8

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Central LA Electric Company	\$ 6,565,520	1	3.08%	\$ 4,218,820	4	3.04%
AT&T Southeast Tax Dept	3,939,472	2	1.85%	-	-	-
Wal Mart Stores (2) / Sam's	3,925,830	3	1.84%	6,375,010	1	4.60%
Sizeler North Shore Limited	2,862,220	4	1.34%	2,622,810	6	1.89%
Wal Mart Real Estate Business	1,858,844	5	0.87%	-	-	-
JP Morgan Chase Bank	1,732,690	6	0.81%	-	-	-
Pelican Pointe NE Limited Par	1,531,999	7	0.72%	-	-	-
Atmos Energy Louisiana	1,531,547	8	0.72%	-	-	-
Travel Choice Inc.	1,308,020	9	0.61%	-	-	-
Lowes Home Centers Inc.	1,151,920	10	0.54%	-	-	-
Tenet Healthcare Corp.	-	-	-	4,967,110	2	3.58%
Bellsouth Communications	-	-	-	4,755,520	3	3.43%
McKesson Corp. Services	-	-	-	4,080,300	5	2.94%
Banc One	-	-	-	2,246,030	7	1.62%
Hibernia National Bank	-	-	-	2,217,520	8	1.60%
Home Depot	-	-	-	1,862,240	9	1.34%
Charter Communications	-	-	-	1,414,070	10	1.02%
TOTALS	<u>\$26,408,062</u>		<u>12.38%</u>	<u>\$ 34,759,430</u>		<u>25.06%</u>

CITY OF SLIDELL, LOUISIANA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 9

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections for Previous Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy *
2003	4,878,185	4,752,271	97%	36,342	4,788,613	98%
2004	5,172,863	4,904,306	95%	33,492	4,937,798	95%
2005	5,417,949	5,239,772	97%	20,435	5,260,207	97%
2006	4,573,255	4,305,820	94%	26,294	4,332,114	95%
2007	4,619,100	4,482,566	97%	171,171	4,653,737	101%
2008	5,017,288	4,781,614	95%	55,894	4,837,508	96%
2009	5,809,662	5,588,340	96%	6,803	5,595,144	96%
2010	5,972,761	5,765,969	97%	6,291	5,772,260	97%
2011	5,927,815	5,786,605	98%	9,267	5,795,872	98%
2012	5,697,252	5,527,287	97%	8,635	5,535,922	97%

* Total collections include redemptions.

**CITY OF SLIDELL, LOUISIANA
PRINCIPAL SALES TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

TABLE 10

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total Sales Tax Revenue	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Retail Sales 1	\$ 1,545,895	1	8.63%	\$ 1,845,614	1	11.41%
Retail Sales 2	952,429	2	5.31%	487,847	3	3.02%
Auto Sales	810,910	3	4.52%	1,738,480	2	10.74%
Retail Sales 3	780,728	4	4.36%	463,065	4	2.86%
Grocery Sales 1	433,889	5	2.42%	416,253	5	2.57%
Grocery Sales 2	418,005	6	2.33%	398,387	7	2.46%
Retail Sales 4	293,187	7	1.64%	406,921	6	2.51%
Grocery Sales 3	263,640	8	1.47%	-	-	-
Pharmacy Sales	244,389	9	1.36%	-	-	-
Retail Sales 5	241,123	10	1.35%	306,086	9	1.89%
Retail Sales 6	-	-	-	244,299	10	1.51%
Hardware Stores	-	-	-	320,898	8	1.98%
TOTALS	\$ 5,984,195		33.39%	\$ 6,627,850		40.95%

Source: Based on Sales Tax Collections, compiled by City of Slidell Finance Department.

CITY OF SLIDELL, LOUISIANA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 11

Fiscal Year	Governmental Activities						Business - Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Sales Tax Revenue Bonds	Capital Leases	LCDA Excess Rev Bond	Certificate of Indebtedness	Community Disaster Loan	Utility Bonds	Equipment Leases	Certificate of Indebtedness			
2003	10,465,000	14,277,375	-	4,431,100	925,000	-	5,080,000	94,926	-	35,273,401	4.35%	1,389
2004	9,690,748	12,754,267	1,375,000	4,401,900	-	-	4,850,937	41,940	-	33,114,792	3.88%	1,288
2005	8,817,874	10,665,092	1,261,085	4,190,900	-	-	7,567,023	-	-	32,501,974	3.56%	1,251
2006	7,797,700	9,100,917	1,142,482	3,941,800	-	2,000,000	7,682,980	-	-	31,665,879	3.86%	1,092
2007	6,737,526	7,476,742	1,018,998	3,689,200	-	2,000,000	7,515,000	-	-	28,437,466	3.83%	981
2008	5,647,352	6,282,567	890,432	3,425,600	-	2,000,000	7,020,000	-	1,971,000	27,236,951	3.67%	1,052
2009	4,517,175	5,078,392	756,576	3,145,000	-	2,000,000	6,500,000	-	1,807,000	23,804,143	3.29%	876
2010	13,972,402	4,314,077	617,212	2,851,400	-	2,000,000	5,965,000	-	1,637,000	31,357,091	4.12%	1,141
2011	13,122,890	3,520,042	472,113	2,546,300	-	2,000,000	5,293,648	-	1,460,000	28,414,993	3.64%	1,050
2012	12,108,378	2,700,867	321,043	2,227,700	-	1,846,745	4,704,918	-	1,276,000	25,185,651	3.14%	919

NOTE: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics, Table 15, for personal income and population data.

CITY OF SLIDELL, LOUISIANA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 12

<u>Fiscal Year</u>	<u>General Obligation Bonds (2)</u>	<u>Less: Amounts Available in Debt Service Fund (3)</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable (1) Value of Property</u>	<u>Per Capita (4)</u>
2003	10,465,000	1,212,656	9,252,344	0.75%	336
2004	9,695,000	1,277,292	8,417,708	0.65%	298
2005	8,920,000	1,429,599	7,490,401	0.50%	258
2006	7,890,000	1,276,223	6,613,777	0.51%	228
2007	6,820,000	1,215,359	5,604,641	0.41%	193
2008	5,720,000	1,267,583	4,452,417	0.31%	172
2009	4,580,000	1,404,003	3,175,997	0.17%	117
2010	13,960,000	2,167,344	11,792,656	0.60%	429
2011	13,105,000	2,390,160	10,714,840	0.55%	396
2012	12,085,000	2,396,031	9,688,969	0.49%	353

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property, Table 6, for property value data.

(2) Amount does not include special assessment, sales tax or revenue bonds.

(3) Amount available for repayment of general obligation bonds.

(4) 2000 and 2002-2008 population is based on research Division, College of Administration and Business, Louisiana Tech University. 2001 population is based on the 200 census. 2009 information is based on estimates of U.S. Census Bureau.

CITY OF SLIDELL, LOUISIANA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2012
(UNAUDITED)

TABLE 13

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
St. Tammany Parish	\$ 14,335,000	10%	\$ 1,433,500
St. Tammany Parish School Board	\$ 226,210,000	10%	<u>22,621,000</u>
Subtotal, overlapping debt			\$ 24,054,500
City of Slidell direct debt		100%	<u>\$ 12,085,000</u>
Total direct and overlapping debt			<u><u>\$ 36,139,500</u></u>

Source: St. Tammany Parish School Board officials and St. Tammany Parish Comprehensive Financial Annual Report.

NOTE: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Slidell. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and, therefore, is responsible for repaying the debt of each overlapping government.

- (1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the Parish's taxable assessed value that is within the City's boundaries and dividing it by the Parish's total taxable assessed value.

**CITY OF SLIDELL, LOUISIANA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

TABLE 14

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$48,547,942	\$50,854,637	\$58,657,493	\$52,117,538	\$53,514,895	\$55,525,341	\$71,145,288	\$73,705,796	\$73,940,185	\$74,432,187
Total net debt applicable to limit	<u>(9,252,344)</u>	<u>(8,417,708)</u>	<u>(7,490,401)</u>	<u>(6,613,777)</u>	<u>(5,604,641)</u>	<u>(4,504,641)</u>	<u>(3,175,997)</u>	<u>(11,792,656)</u>	<u>(10,714,840)</u>	<u>(9,688,969)</u>
Legal debt margin	<u>\$39,295,598</u>	<u>\$42,436,929</u>	<u>\$51,167,092</u>	<u>\$45,503,761</u>	<u>\$47,910,254</u>	<u>\$51,020,700</u>	<u>\$67,969,291</u>	<u>\$61,913,140</u>	<u>\$63,225,345</u>	<u>\$64,743,218</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>19.06%</u>	<u>16.55%</u>	<u>12.77%</u>	<u>12.69%</u>	<u>10.47%</u>	<u>8.11%</u>	<u>4.46%</u>	<u>15.90%</u>	<u>14.49%</u>	<u>13.02%</u>

Legal debt margin calculation for fiscal year 2012

Assessed value	<u>\$ 212,663,390</u>
Debt Limit - 35% of \$212,663,390 (1)	\$ 74,432,187
Debt applicable to the limit:	
General obligation bonds	\$12,085,000
Less: Amount set aside for repayment of general obligation debt	<u>(2,396,031)</u>
Total net debt applicable to limit	<u>9,688,969</u>
Legal debt margin	<u>\$ 64,743,218</u>

(1) State law allows a maximum of 35% of assessed valuation for total bonded general obligation debt.

**CITY OF SLIDELL, LOUISIANA
PLEDGED - REVENUE COVERAGE
LAST TEN FISCAL YEARS
(UNAUDITED)**

TABLE 15

Fiscal Year	Utility Revenue Bonds						Sales Tax Bonds			
	Utility Charges and Other	Less: Operating Expenses (1)	Net Available Revenue	Debt Service		Coverage	Sales Tax Revenue	Debt Service		Coverage
				Principal	Interest			Principal	Interest	
2003	8,535,693	5,890,080	2,645,613	270,000	240,470	5.18	16,179,798	1,358,000	832,090	7.39
2004	8,767,748	6,480,384	2,287,364	280,000	229,123	4.49	17,387,481	1,770,000	339,617	8.24
2005	9,144,704	6,314,018	2,830,686	445,000	250,332	4.07	18,093,876	2,130,000	405,640	7.14
2006	7,873,276	6,319,334	1,553,942	460,000	335,892	1.95	23,569,352	1,605,000	347,640	12.07
2007	9,374,437	6,704,387	2,670,050	480,000	335,742	3.27	22,610,447	1,665,000	302,140	11.49
2008	9,663,529	6,551,620	3,111,909	495,000	320,363	3.82	21,130,329	1,235,000	251,193	14.22
2009	10,343,042	6,708,150	3,634,892	520,000	298,730	4.44	19,158,940	1,245,000	204,630	13.22
2010	10,336,558	7,074,392	3,262,166	535,000	275,950	4.02	17,896,150	1,668,600	365,797	8.80
2011	10,890,143	7,134,999	3,755,144	640,000	229,001	4.32	17,980,547	1,995,100	601,060	6.93
2012	11,003,101	7,405,468	3,597,633	595,000	198,027	4.54	17,921,402	2,351,855	838,194	5.62

NOTE: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Amount does not include depreciation.

CITY OF SLIDELL AND ST. TAMMANY PARISH, LOUISIANA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 16

Fiscal Year	City of Slidell Population (1)	St. Tammany Parish Population (2)	St. Tammany Parish Total Personal Income (2)	St. Tammany Parish Per Capita Personal Income (2)	State Unemployment Rate (3)	St. Tammany Parish School Enrollment (4)	Median Age (5)
2003	27,563	201,462	6,234,985,000	30,899	4.4%	34,463	*
2004	28,237	202,203	6,565,576,000	31,639	4.5%	35,214	*
2005	28,990	210,296	7,027,647,000	32,886	3.9%	36,169	36.8
2006	28,990	220,295	6,214,212,000	28,270	4.2%	34,728	*
2007	28,990	270,000	7,507,890,000	27,807	4.0%	35,294	37.0
2008	25,879	226,625	6,340,288,000	27,977	3.3%	35,523	36.7
2009	27,183	228,456	6,453,653,544	28,249	5.7%	35,878	*
2010	27,477	231,495	6,584,180,790	28,442	6.4%	36,441	38.7
2011	27,068	233,740	6,681,925,380	28,587	7.8%	37,221	37.3
2012	27,419	236,785	6,933,538,370	29,282	8.6%	37,508	39.8

NOTE: The City of Slidell is located within St. Tammany Parish.

* Information not available / no current information

Sources:

- (1) 2003-2008 population is based on research Division, College of Administration and Business, Louisiana Tech University. 2009-2012 information is based on U.S. Census Bureau.
- (2) 2003-2007 information is based on St. Tammany Economic Development Foundation. 2008-2012 information is based on U.S. Census Bureau.
- (3) Louisiana Department of Labor
- (4) St. Tammany Parish School Board
- (5) U.S. Census Bureau

**CITY OF SLIDELL, LOUISIANA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO
(UNAUDITED)**

TABLE 17

Employer	Location	2012			2003		
		Employees	Rank	% of Total St. Tammany Parish Employment	Employees	Rank	% of Total St. Tammany Parish Employment
St. Tammany Parish School Board	Covington/Slidell	5,349	1	5.12%	4,649	1	5.03%
St. Tammany Parish Hospital	Covington	1,480	2	1.42%	1,063	2	1.15%
Slidell Memorial Hospital	Slidell	1,180	3	1.13%	926	3	1.00%
Ochsner Health System	Parish wide	912	4	0.87%	-	-	-
Lakeview Regional Medical Center	Covington	783	5	0.75%	567	5	0.61%
St. Tammany Parish Sheriff's Office	Parish wide	741	6	0.71%	491	6	0.53%
Southeast Louisiana Hospital	Mandeville	592	7	0.57%	-	-	-
Textron Marine & Land Systems	Slidell	533	8	0.51%	-	-	-
City of Slidell	Slidell	384	9	0.37%	342	9	0.37%
Louisiana Heart Hospital	Lacombe	369	10	0.35%	-	-	-
Northshore Regional Medical Cntr	Slidell	-	-	-	545	4	0.59%
St. Tammany Parish Government	Parish wide	-	-	-	429	7	0.46%
Gilsbar Inc.	Covington	-	-	-	349	8	0.38%
Bellsouth Telecommunications	Parish wide	-	-	-	215	10	0.23%
TOTAL		12,323		11.80%	9,576		10.35%

NOTE: Information is only available for St. Tammany Parish, in which the City of Slidell is located.

SOURCES: 2012 information: Book of Lists 2012-2013, New Orleans City Business
2003 information: Book of Lists 2000-2001, New Orleans City Business

CITY OF SLIDELL, LOUISIANA
FULL - TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 18

Function	Full-time equivalent Employees as of June 30, 2012									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Administrative	7	6	6	6	6.5	6.5	6.5	6.5	5.1	5
Finance (1)	22	22	22	22	22	22	22	22	21	20
Legal	2	2	2	2	2	2	2	2	2	2
Animal Control	8	8	8	8	8	8	8	8	8	7
Civil Service	4	4	4	4	4	4	4	4	4	3
Legislative	12	12	12	12	12	12	12	12	12	12
City Council	3	3	3	3	3	3	3	3	3	3
Public Safety										
Police										
Officers	84	84	86	84	87	89	88	88	85	85
Civilians	27	27	25	28	28	28	29	29	28	27
Public Works										
Public Operations (2)	67.5	72.5	71.5	71.5	73.5	73.5	72.5	71.5	66.5	63.5
Permits	8	8	8	9	11	11	11	11	9	6
Planning	4	4	4	4	4	5	5	5	5	3.5
Engineering	8	8	8	8	8	9	9	9	8	7
Public Utility (3)	63.5	63.5	64.5	64.5	64.5	63.5	63.5	61.5	61.5	61.5
Judicial System (4)	4	4	4	4	4	5	5	6	6	6
Recreation and Culture	22	18	18	18	17.5	17.5	17.5	17.5	16.1	15.5
Airport	1	2	3	3	3	3	3	3	3	2
Total	347	348	349	351	358	362	361	359	343.2	329

Source: Adopted FY2012 Budget City of Slidell

Note: Includes Elected, Unclassified, and Classified full time employees.

2003-2011 figures represent actual number of employees, 2012 figures represent budgeted positions by department.

(1) Includes Finance Administration, Data Processing, Purchasing and Risk Management.

(2) Includes Sales Tax Administration, Vehicle Maintenance, Streets, Bridges, Drainage, General Maintenance & Electrical.

(3) Includes Public Utility Administration, Wastewater Treatment Plant, Wastewater Collection & Water maintenance.

(4) Includes City Court, City Marshall and City Prosecutor

CITY OF SLIDELL, LOUISIANA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 19

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Total arrests	3,238	3,545	3,918	2,965	3,297	3,780	3,640	3,237	3,312	3,167
Parking tickets	294	145	168	77	75	311	188	170	107	53
Traffic violations	3,460	4,783	3,931	3,433	3,480	4,947	4,357	4,087	5,391	4,509
Public Works										
Potholes repaired	680	320	50	100	550	577	1,525	2,503	2,318	1,876
Public Utility										
Water										
Number of accounts	9,960	9,990	9,990	9,746	10,175	10,404	10,407	10,470	10,570	10,625
New meter connections	*	80	174	131	195	168	40	91	309	241
Old meter change out	*	758	758	307	388	189	10,300	232	170	26
Daily average consumption (MGD)	3.1	3.1	3.2	*	3.1	3.1	3.1	3.0	3.1	3.4
Wastewater										
Number of accounts	9,839	9,830	9,830	9,334	10,036	10,202	10,187	10,236	10,316	10,359
Average daily treated wastewater (MGD)	4.60	4.60	4.60	4.60	4.15	3.94	3.63	4.46	3.65	3.92
Building Permits										
New residential	162	67	67	86	202	136	52	24	14	15
Residential additions	278	150	150	2,149	721	262	132	103	140	112
New commercial	67	49	49	25	70	34	34	17	24	9
Commercial additions	107	131	131	232	146	114	108	98	90	96
Recreation and Culture										
Number of teams in softball league	*	60	81	26	86	70	86	85	72	90
Number of children on summer camp	*	274	301	154	175	174	175	174	173	175
Park Pavilions Rentals	*	205	191	107	154	151	143	140	155	172
Airport										
Number of land leases	*	10	10	10	9	9	17	16	16	16
Number of tie downs	*	32	32	32	26	26	33	35	38	28
Number of hanger leases	*	2	1	1	3	3	1	2	2	-

Note: Indicators are not available for the general government function

* Information not available

Sources: Various government departments

CITY OF SLIDELL, LOUISIANA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 20

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Vehicles	*	*	*	*	20	21	20	19	19	17
Machinery & Equipment	*	*	*	*	3	6	6	8	8	8
Public Safety										
Vehicles	*	*	*	*	121	129	146	134	131	138
Machinery & Equipment	*	*	*	*	12	12	13	12	12	12
Stations	2	2	2	2	2	2	2	2	2	2
Training Academy	1	1	1	1	1	1	1	1	1	1
Public Works										
Vehicles	*	*	*	*	73	75	78	82	80	75
Machinery & Equipment	*	*	*	*	76	82	84	88	92	95
Paved streets (miles)	121.3	122.6	122.6	144	144	146.53	153.12	155.21	155.21	155.35
Unimproved streets (miles)	1.3	1.9	1.9	8	8	8	8	8	8	8
Concrete streets (miles)	*	*	*	96	96	98.53	105.56	107.21	107.21	107.35
Asphalt streets (miles)	*	*	*	48	48	48	48	48	48	48
Streetlights	2724	2738	2738	2844	2853	2907	2921	2924	2927	2949
Traffic signals	60	57	57	58	59	59	58	59	59	64
Public Utility										
Water										
Vehicles	*	*	*	*	16	16	18	17	16	15
Machinery & Equipment	*	*	*	*	16	15	17	17	17	18
Water mains (miles)	154.88	156.48	156.48	156.48	156.48	166.5	166.9	167.4	165.88	165.88
Maximum capacity of water storage tanks (gallons)	2,150,000	2,150,000	2,150,000	2,150,000	2,150,000	2,150,000	2,500,000	2,500,000	2,150,000	2,150,000
Number of water storage tanks	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Productive capacity (MGD)	10.9	10.9	10.9	10.9	10.9	10.9	15.9	15.562	15.562	15.562
Sewer										
Vehicles	*	*	*	*	31	32	35	35	32	32
Machinery & Equipment	*	*	*	*	18	22	23	26	26	31
Sanitary sewers (miles)	105.46	106.9	106.9	106.9	106.9	162	162	162.1	169.1	169.1
Plant capacity (MGD)	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Recreation and Cultural Arts										
Vehicles	*	*	*	*	12	15	15	12	11	11
Machinery & Equipment	*	*	*	*	27	32	33	36	37	38
Parks acreage	420.24	420.24	420.24	420.24	420.24	420.24	420.24	420.24	420.24	420.24
Number of playgrounds	21	22	22	22	22	22	22	22	22	22
Number of picnic areas	17	18	18	18	18	18	18	18	18	18
Number of gyms	2	2	2	2	2	2	2	2	2	2
Airport										
Vehicles	*	*	*	*	1	1	2	1	1	1
Machinery & Equipment	*	*	*	*	5	5	6	6	6	5
Feet of Runway	4,000	4,000	4,000	5,000	5,000	5,002	5,002	5,002	5,002	5,002
Feet of Parallel Taxiway	4,000	4,000	4,000	5,000	5,000	5,002	5,002	5,002	5,002	5,002
Feet of Connecting Taxiway	1,000	1,000	1,000	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Feet of Auburn Taxiway	*	800	800	800	800	800	800	800	800	800
Number of T-Hangers	*	16	16	16	16	16	16	32	32	32
Feet of T-Hangers Taxiway	*	1,400	1,400	1,400	1,400	1,386	1,386	1,386	1,386	1,386
Sq Feet of T-Hangers	*	18,550	18,550	18,550	18,550	18,550	18,550	37,100	37,100	37,100

Sources: Various city departments.

* Information not available

SINGLE AUDIT SECTION

ERICKSEN KRENTEL & LA PORTE L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

4227 CANAL STREET
NEW ORLEANS, LOUISIANA 70119-5896
TELEPHONE (504) 486-7275
FAX (504) 482-2516

2895 HIGHWAY 190, SUITE 213
MANDEVILLE, LOUISIANA 70471
TELEPHONE (985) 727-0777
FAX (985) 727-6701

JAMES E. LA PORTE*
KEVIN M. NEYREY
RONALD H. DAWSON, JR.*
RICHARD G. MUELLER
CLAUDE M. SILVERMAN*
W. ERIC POWERS
DENNIS J. TIZZARD†
JAMES E. TONGLET†

*PROFESSIONAL CORPORATION
†LIMITED LIABILITY COMPANY
BENJAMIN J. ERICKSEN - DECEASED
J.V. LECLERE KRENTEL - DECEASED

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor
and Members of the City Council
City of Slidell, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Slidell, Louisiana (the "City") as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 29, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

ERICKSEN KRENTEL & LA PORTE, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

To the Honorable Mayor
and Members of the City Council
City of Slidell, Louisiana
November 29, 2012

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the City Council, the Louisiana Legislative Auditor, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

November 29, 2012

Ericksen, Krentel & LaPorte, LLP

Certified Public Accountants

ERICKSEN KRENTEL & LA PORTE L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

4227 CANAL STREET
NEW ORLEANS, LOUISIANA 70119-5996
TELEPHONE (504) 486-7275
FAX (504) 482-2516

2895 HIGHWAY 190, SUITE 213
MANDEVILLE, LOUISIANA 70471
TELEPHONE (985) 727-0777
FAX (985) 727-6701

JAMES E. LA PORTE*
KEVIN M. NEVREY
RONALD H. DAWSON, JR.*
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Mayor
and Members of the City Council
City of Slidell, Louisiana

Compliance

We have audited the City of Slidell's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City of Slidell complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

ERICKSEN KRENTEL & LA PORTE, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

To the Honorable Mayor
and Members of the City Council
City of Slidell, Louisiana
November 29, 2012

Internal Control Over Compliance

Management of the City of Slidell is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of management, the City Council, others within the City, the Louisiana Legislative Auditor, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

November 29, 2012

Erickson, Krentel & La Porte, LLP

Certified Public Accountants

CITY OF SLIDELL, LOUISIANA
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/Pass-Through or Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Total Grant Award</u>	<u>Federal Expenditures</u>
U.S. Department of Homeland Security				
<i>Pass - Through Louisiana Governor's Office of Homeland Security and Emergency Preparedness:</i>				
Public Assistance Grant - Katrina 1602	97.036	DR 1603	-	\$ 2,675,421
Acquisition Project Phase V	97.039	HMGP-1603-103-0001	2,554,376	327,156
Elevation Project Phase VI	97.039	HMGP-1603-103-0002	358,827	49,103
Reconstruction Project Phase VII	97.039	HMGP-1603-103-0026	539,535	-
Reconstruction Project Phase VIII	97.039	HMGP-1603-103-0003	2,780,258	506,409
Drainage Improvements	97.039	HMGP-1603n-103-0043	6,759,642	662,052
Total CFDA 97.039				1,544,720
Severe Repetitive Loss Program Phase I	97.110	SRL-PJ-06-LA-2010-002	3,824,351	8,828
Severe Repetitive Loss Program Phase II	97.110	SRL-PJ-06-LA-2009-020	1,905,164	3,269
Total CFDA 97.110				12,097
<i>Pass - Through United States Secret Service, Louisiana Electronic and Financial Crimes Task Force</i>				
Electronic Crime Task Force FY11	-	-	1,000	32
Electronic Crime Task Force FY12	-	-	1,500	508
Total U.S. Department of Homeland Security				<u>4,232,778</u>
U.S. Department of Housing and Urban Development				
Community Development Block Grant/Entitlement Grants	14.218	B-09-MC-22-0010	198,292	536,706
Community Development Block Grant/Entitlement Grants	14.218	B-10-MC-22-0010	213,942	1,970
Community Development Block Grant/Entitlement Grants	14.218	B-11-MC-22-0010	178,606	34,124
Total CFDA 14.218				592,800
<i>Pass - Through Louisiana Department of Community Service:</i>				
Emergency Shelter Grant 10/12	14.231	697844	25,625	19,242
<i>Pass - Through Louisiana Division of Administration, Office of Community Development Disaster Recovery Unit:</i>				
Unified Development Code - OCD Category 1	14.228	CO-OP 698569	261,189	133,135
Unified Development Code - OCD Category 2	14.228	CO-OP 708957	65,222	10,434
Total CFDA 14.228				143,569
Total U.S. Department of Housing and Urban Development				<u>755,611</u>
U.S. Department of Justice				
Bureau of Justice Assistance: Bulletproof Vest Partnership Grant	16.607	-	50,492	11,621
Bureau of Justice Assistance: MESH Enhancement Project	16.738	2010-DJ-BX-1428	17,353	8,507
Bureau of Justice Assistance: MESH Enhancement Project	16.738	2011-DJ-BX-2997	12,851	12,851
Total CFDA 16.738				21,358
Asset Forfeiture and Money Laundering Section: Asset Forfeiture	16.922	96-2450-J11	-	268,563
<i>Pass - Through Louisiana Department of Revenue:</i>				
ATC Underage Drinking Grant	16.727	-	4,680	4,680
Total U.S. Department of Justice				<u>306,222</u>
U.S. Environmental Protection Agency				
<i>Pass - Through UNO Research and Technology Foundation:</i>				
Sewer Pump Station Rehab	66.125	BR-00F40501	85,000	-
Total U.S. Environmental Protection Agency				<u>-</u>
U.S. Department of Transportation				
Federal Aviation Administration: N Apron / Taxiway A	20.106	3-22-0060-018-2012	379,937	42,090
Federal Aviation Administration: Airport Security Gate	20.106	3-22-0060-017-2011	71,607	69,188
Total CFDA 20.106				111,278
<i>Pass - Through Louisiana Department of Transportation and Development:</i>				
Highway Planning and Construction Cluster:				
ARRA - SW Frontage Rd Construction	20.205	ARR-5207(509)/742-52-0012	3,290,743	2,900,055
Bike Path	20.219	ENH-5208(313)/744-52-0040	730,000	231,460
Total Highway Planning and Construction Cluster				3,131,515

CITY OF SLIDELL, LOUISIANA
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/Pass-Through or Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Total Grant Award</u>	<u>Federal Expenditures</u>
U.S. Department of Transportation (continued)				
<i>Pass - Through Louisiana Department of Public Safety and Corrections, LA</i>				
<i>Highway Safety Commission:</i>				
<i>Highway Safety Cluster:</i>				
DWI Enforcement Grant	20.600, 20.205 & 20.601	LHSC 2011-30-80	91,975	27,161
DWI Enforcement Grant	20.600, 20.205 & 20.601	LHSC 2012-30-52	96,768	<u>68,170</u>
Total Highway Safety Cluster				95,331
Total U.S. Department of Transportation				<u>3,338,124</u>
U.S. Department of Treasury				
Asset Forfeiture and Money Laundering Section: Asset Forfeiture	21.00	96-2450-J11	-	918
Total U.S. Department of Treasury				<u>918</u>
Total Expenditures of Federal Awards				<u>\$ 8,633,653</u>

CITY OF SLIDELL, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SCOPE OF AUDIT PURSUANT TO *GOVERNMENT AUDITING STANDARDS*, OMB CIRCULAR A-133, “AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS” AND THE SINGLE AUDIT ACT OF 1984 AND 1996 AMENDMENTS

All federal grant operations of the City of Slidell (the City) are included in the scope of the single audit. Those programs which were major grants and selected for specific testing were:

Highway Planning and Construction (CFDA No. 20.205)
Hazard Mitigation Grants (CFDA No. 97.039)

NOTE 2 – FISCAL PERIOD AUDIT

Single audit testing procedures were performed for program transactions occurring during the year ended June 30, 2012.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the City has met the qualifications for the respective grants.

Accrued and Deferred Reimbursement

Various reimbursement procedures are used for federal awards received by the City. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year. Accrued balances at year end represent an excess of reimbursable expenditures over cash reimbursements and expenditures will be reversed in the remaining grant period.

Pass-Through Entity Information

Pass-through entity identifying numbers are presented where available.

Non-Cash Assistance

As further disclosed in Note E to the financial statements, the City has an outstanding Community Disaster Loan (CFDA No. 97.030), originating in November of 2005, payable to the U.S. Department of Homeland Security totaling principle and accrued interest of \$1,945,983 as of June 30, 2012.

Payments to Subrecipients

There were no payments to subrecipients for the fiscal year ended June 30, 2012.

CITY OF SLIDELL, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Slidell, Louisiana.
2. No significant deficiencies in internal control relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the City of Slidell, Louisiana were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the City of Slidell, Louisiana expresses an unqualified opinion.
6. There were no audit findings required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. A management letter was not issued for the year ended June 30, 2012.
8. The programs tested as major programs were:

	<u>CEDANumber</u>
Highway Planning and Construction	20.205
Hazard Mitigation Grant Cluster	97.039

9. The threshold for distinguishing Types A and B programs was \$300,000.
10. City of Slidell, Louisiana was determined to be a low-risk auditee.

B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There were no findings related to the financial statements for the year ended June 30, 2012.

C. FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

There were no findings related to major federal award programs for the year ended June 30, 2012.

CITY OF SLIDELL, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

N/A

**SECTION II - FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL
AWARD PROGRAMS**

N/A

SECTION III - MANAGEMENT LETTER

N/A

**CITY OF SLIDELL, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
JUNE 30, 2012**

There are no compliance and/or internal control findings as described in the Schedule of Findings and Questioned Costs. Accordingly, no corrective action plan is required as a part of this section.